

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name City of Huntington Woods	County Oakland
Fiscal Year End 6/30/06	Opinion Date 11/8/06	Date Audit Report Submitted to State 12/20/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.


We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	No repeat comments	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Doeren Mayhew		Telephone Number (248) 244-3000	
Street Address 755 West Big Beaver Road, Suite 2300		City Troy	State Zip MI 48084
Authorizing CPA Signature 		Printed Name Todd Fox	License Number 1101022154

**Comprehensive Annual
Financial Report**

City of Huntington Woods, Michigan

**Prepared by the
Finance Department**

Fiscal Year Ended June 30, 2006

City Commission

Ronald F. Gillham, Mayor
Jeffrey Jenks, Mayor Pro-Tem
Phyllis Kramer, Commissioner
Robert Paul, Commissioner
Mary White, Commissioner

Introductory Section

City of Huntington Woods, Michigan

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A D M I N I S T R A T I V E O F F I C E S

Mayor **Ronald F. Gillham**
Mayor Pro-Tem **Jeffrey Jenks**
City Manager **Alex R. Allie**

Commissioner **Phyllis Kramer**
Commissioner **Robert Paul**
Commissioner **Mary White**

Friday, December 08, 2006

Honorable Mayor, City Commission
City of Huntington Woods, Michigan

Preface

The City of Huntington Woods Finance Department is pleased to present to you the annual Comprehensive Annual Financial Report (CAFR). This report represents a clear and comprehensive view of the financial health and strength of the City on June 30, 2006. The City Charter as well as the State Statue mandate that the City prepare a report outlining the financial position of the City and that the report be audited by an independent licensed firm of certified public accountants. In doing so, the report is prepared according to the regulations as set forth by the Governmental Accounting Standards Board and the State of Michigan Department of Treasury.

All the schedules, data, text and descriptions contained herein are solely the responsibility of the City of Huntington Woods Finance Officials and Management. To the greatest extent possible the City must rely upon its policies and procedures that are in place to define roles and responsibilities of its financial management staff. This is critical to maintain and exercise adequate internal control over the entire Finance Department. To the best of our knowledge and belief this data is accurate in all material respects and is reported in a manner that is fair and consistent. The report includes all disclosures and charts required to enable the reader to understand the City financial structure from a historical, operating and administrative perspective.

This will be the second year the City has prepared a (CAFR). The format of the report is left almost entirely unchanged from last fiscal year. The Finance staff has continued to work on the tables, graphs and charts to present the data to the reader in the clearest form. Where clarification is needed we have added information, however, the goal is to be as concise as possible, and look for ways to make this report more useable.

These statements were developed to assist in comparing units of government as well as promoting uniformity, and fiscal accountability of each. Prior to GASB Statement No. 34, units of government were only required to report financial information on a fund level basis. Unfortunately, this process highlighted the short-term financial position of the unit of government and did not provide a platform by which the long-term financial position could be measured. The full accrual government-wide statements as presented under GASB 34 allows the reader to assess the financial health of a unit of government in its entirety, with the emphasis on program costs and long-term operational objectives.

Report Organization

The Comprehensive Annual Financial Report was prepared to meet the needs of a broad spectrum of financial statement readers and is divided into the following major sections:

Introductory Section - This section introduces the reader to the City of Huntington Woods and to this report. Included is this letter of transmittal with continuing disclosure reporting enhancements, the City's organizational chart, a list of principal officials and a fund organization chart.

Financial Section - The independent auditor's report, management's discussion and analysis letter, government-wide financial statements, combined fund financial statements, required supplemental information and the notes to the financial statements are included here. These are the City's basic financial statements and provide an overview for readers who require less detailed information than is contained in the balance of this report.

Statistical Section - Although this section contains substantial financial data, these schedules differ from financial statements in that they present some non-accounting data, cover more than the current year and are designed to reflect social and economic data, financial trends and the fiscal capabilities of the City.

Audit Requirement

The City Charter IX § 7, and State Statute require an annual audit of financial records and transactions of public sector units of government to be completed by independent certified public accountants at the close of each fiscal year. Huntington Woods is in full compliance with this requirement and has recently received an "unqualified opinion" from Doeren Mayhew Certified Public Accountants for the fiscal year ended June 30, 2006. This exemplary status lets the reader know that the examination of the financial records of the City disclosed no conditions that cause the auditors to believe that the financial statements are not fairly stated in all material respects.

Reporting Entity and Services Provided

The City of Huntington Woods has defined its financial reporting entity in accordance with the pronouncements of the Governmental Accounting Standards Board. The City of Huntington Woods (City) is defined as; all funds, agencies, commissions, boards and authorities that are controlled and managed by the Elected Mayor and City Commission. As of this writing, the City does not contain any component units of government as per current pronouncements.

The City of Huntington Woods, was incorporated as a village in 1926 and remained so until 1932 when it became a City under the home-rule City Act 279 of 1909. The City of Huntington Woods has developed into a well respected full service municipality operating in Southeast Oakland County. This report covers the operations of the City as relates to all departments and municipal services in its governmental fund structure, including; a full range of public safety services; sanitation services; recycling services; highway, streets and sidewalks maintenance/ROW Rights-of-way; Planning, Zoning and building code enforcement services; Recreational Services and cultural events; and library. Water and Sewage services are administered through the use of an Enterprise fund which requires the City Commission to set fees for its operations on an annual basis through user fees.

Fund Types and Purposes

GENERAL

PURPOSE - The General fund is the primary operating fund in the local unit of Government and is used to account for all revenues and expenditures and activities not specifically or statutorily provided for in other funds.

RECREATION

PURPOSE - The Recreation fund accounts for the operation and maintenance of City parks as well as the operation of the Recreation Department and related programs.

SANITATION

PURPOSE - The Sanitation fund accounts for the operation of the solid waste collection disposal and recycling functions of the City.

MAJOR AND LOCAL ROAD

PURPOSE - The Major and Local Road funds are used (1) to receive all street funds paid to cities and villages by the state, (2) to account for construction, maintenance, traffic services and snow and ice control on all streets classified as Local Streets within the local unit of government (this includes construction done from money raised by special assessing property owners for street improvements), (3) to account for revenue from special assessment taxes levied for street purposes as provided by Act 51 of the Public Acts of 1951, as amended, and (4) to account for money received from General Fund contributions.

GENERAL OBLIGATION RECREATION AND ROAD DEBT

PURPOSE - These funds are used to record the payment of interest and principal on long-term general obligation debt other than that payable from special assessments and debt issued for and serviced primarily by an Enterprise or Construction Fund.

CAPITAL PLANNING

PURPOSE - This fund is used to account for revenue set aside for statutory public improvements of a major nature.

WATER AND SEWER

PURPOSE - This fund is used to record the operations of the combined water and sewer system, and is considered an Enterprise Fund.

EQUIPMENT POST RETIREMENT HEALTH CARE BENEFIT

PURPOSE - These funds are used to support the activities of other funds, such as the equipment fund which is used as a motor pool to record the rental, and the subsequent depreciation of equipment, as well as the recording the cost of retiree health care.

Accounting System and Budgetary Controls

Due to the nature of the operations and legal requirements, the accounting of transactions within the reporting entity is organized on a "fund basis." This accounting approach assures compliance with statutory requirements and enables adequate separations between distinct governmental functions. Each fund is a distinct, self-balancing accounting entity.

The budget is annually presented to the City Commission each May as required by City Charter. This document has been prepared in compliance with the regulations set forth under the Uniform Budget Act, State of Michigan P.A. 621 of 1978. The act requires that the City of Huntington Woods adopt a balanced categorical budget where appropriations do not exceed budget revenue. The appropriation/rate resolution as adopted by the City Commission gives the City Manager and/or the Finance Director the authority to create new funds and activities in order to maintain adequate financial control, and to make changes between budgetary categories only. However, all changes of any type must be adopted by the City Commission, and any adjustments that change the total amount appropriated within a fund in its entirety can only be made by prior consent of the City Commission.

Historical Overview

The City of Huntington Woods is almost exclusively residential. In fact, 98.2% of the State Equalized Value (SEV) of the City is comprised of residential properties. The lack of diversity in its tax base has left the City with no major industrial or commercial property to share the tax burden of providing the full range of city services. Structural financial problems began to surface approximately fifty years ago. Despite a relatively high millage rate, the City was unable to provide for all capital and service needs from its annual budget. The City founders had left a significant amount of undeveloped public property surrounding the perimeter of the City. It truly was intended to be the "City in the Woods". The City, however, began selling the undeveloped property shortly after World War II, to finance needed facilities and satisfy outstanding debt.

In the 1960's and the early part of the 1970's, the State and Federal Government began to play a role in municipal operations by providing revenues to equalize tax base inequities. The State Revenue Sharing program was approved by the State of Michigan, both constitutionally, in 1964, and statutorily, in 1967, earmarking a share of State taxes for cities. In 1974, the U.S. Congress enacted Federal Revenue Sharing, returning a portion of the income taxes paid by Huntington Woods' residents directly to the City. From 1970 through 1975, despite receiving additional dollars from the state and federal governments, the City experienced operational deficits and was forced to borrow funds on three occasions to meet annual budget obligations. The City population, which was the basis for calculating revenue received from the state and federal governments, peaked in the 1960 census. The City population has been declining ever since. Despite the fact that the City was fully developed by 1970, thereby resulting in a stagnant tax base, annual increases in State Equalized Value (SEV) provided sufficient annual revenue growth. In 1978, though, the Headlee Amendment to the Michigan Constitution began to limit the annual increase in property taxes received by the City to the rate of inflation or Consumer Price Index (CPI). Shortly thereafter, City revenue was further reduced by a significant population loss identified in the 1980 census. The City had no cash reserves and experienced operating deficits from 1980 to 1983. In 1984, the City modified its fiscal year by changing the date of tax collections. This led to a one-time infusion of approximately one million dollars (\$1,000,000) and took the City from a deficit to a surplus position based upon the six-month fiscal year and accelerated tax collections.

In 1986, the federal government, facing its own deficits, eliminated Federal Revenue Sharing. From 1970 to 1990, the City experienced a budget surplus in only seven fiscal years. An analysis of overall financial health of the City, completed in 1990, indicated that the City faced the following problems:

- There were no capital reserves to replace an aging infrastructure including water mains, storm and sanitary sewers and roads, most of which were installed in the 1920's.
- Employee postretirement benefits were unfunded or under-funded.
- State Revenue Sharing reductions due to a decline in population of 7.5% in the 1990 census.
- Deficits existed in the City's three major operating funds.
- Solid Waste disposal cost increases due to a projected reduction in landfill capacity projected to peak in 2005.

In 1991, the City adopted a fiscal rebuilding plan. The plan included a voter-approved 1.85 millage increase. The 1.85 request to voters was a compromise by the City Commission in response to the City Manager's recommendation of a 3.5 mill increase. The City Manager believed a higher increase was necessary to operate the City with the same level of services and meet long-term unfunded obligations. The compromise was meant to provide a stable revenue source for city operations, yet required additional attempts to reduce operating costs. One such attempt was a Public Safety Consolidation Study completed in cooperation with the City of Berkley in 1994. While the consolidation of the two cities' police and fire departments would have saved in excess of one million dollars (\$1,000,000) per year, the consolidation did not happen because neither city found it politically acceptable.

Also, in 1994, the state government froze property tax assessments to allow an opportunity to resolve complex school financing issues. Inequities in school financing had created extraordinary gaps in per-pupil spending between school districts with wealthy tax basis and districts with low per-pupil tax basis. That same year, Michigan voters approved Proposal A, which cut school property taxes and shifted the burden to the sales tax.

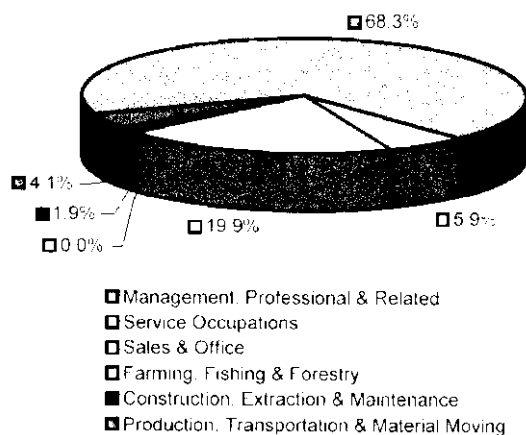
Proposal A, however, also implemented changes in the property tax system including reduced annual tax revenue limits for cities. This statute caused the taxable value of a home is annually capped at the rate of inflation, Consumer Price Index (CPI) or 5%, whichever is less. The cap remains in effect until the home changes ownership. This event moves the value on the tax roll to the State Equalized Value (SEV), which is 50% of true cash value. The City receives absolutely no increased revenue from the property's transfer of ownership. This is because state law limits aggregate property tax revenue from the existing tax base to the CPI. The City is required to annually reduce the millage to certify that property tax collections do not exceed inflation. This complex system becomes more problematic if the rate of inflation exceeds 5%.

In 1996, the state legislature modified the formula used to distribute state revenue sharing. The legislature believed that the City of Detroit was receiving more than its fair share of state revenue under the formula. Because political power had shifted from urbanized southeastern Michigan to western Michigan and out-state areas, the Senate and House of Representatives enacted changes in revenue sharing distribution. These changes favor rural areas. The new revenue sharing formula reduced appropriations to older, fully developed cities with high tax rates and redistributed the funds to growing and rural townships of the State with generally low local tax efforts. The new revenue sharing formula sunsets in 2007.

The new formula is being phased in over a ten-year period and has adversely impacted the City by reducing the amount of revenues received from the State. Further compounding state shared revenue losses, is the fact that, in the 2000 census, the City lost an additional 4½% of its population. Also, in 2001, 2002 and 2003, the State, in addressing the implications of a slow economy and increasing state deficits, reduced the amount of money allocated to the state revenue sharing distribution formula. This has continued through the present year, and continues to be a burden on the General Fund Budget. The combination of a slow economy, a new formula for distribution, and fewer dollars allocated to the formula, compounded by population losses, has reduced state revenue sharing payments to Huntington Woods for the past three fiscal years. Further reductions are anticipated in light of the State's current budget crisis.

In the 1990's, the City met the financial goals and objectives it adopted in 1991. It began rebuilding an aging infrastructure, adequately funding post retirement reserves, and moving from a general fund deficit in 1990 to cash reserves of approximately \$1.3 million dollars in 2000. The cash reserves have allowed the City to weather a short-term financial downfall. A two- to three-year recession, reducing city revenues, could be eased by the cash reserves or "rainy day fund". In light of current trends and the downturn in the economy, these revenues are insufficient to sustain the City. The numerous changes to state law included in Proposal A, when compounded with the changes in revenue sharing, have

Chart 1: Employment by Occupation



Source: Data U.S. Census Bureau 2000
Population 25 years and over

limited and reduced the City's revenues well into the future. The City's revenue limits and reductions are now structural in nature, and not short-term.

In conclusion, both Federal and State policies of the past two decades have required cities to become increasingly dependent on local property taxes, while the State has limited property taxes to the rate of inflation. Huntington Woods, a small community with a residential tax base, will be unable to sustain the current level of municipal spending based on the current revenue structure. Changes are mandatory.

Demographics and Local Government Structure

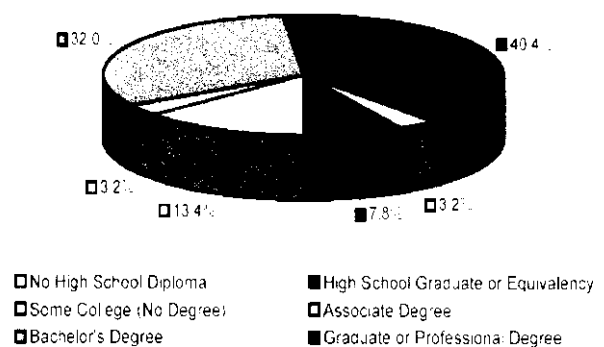
The City of Huntington Woods, was incorporated in 1927 as a full service municipality located in the S.E. Corner of Oakland County, Michigan. The City is approximately 1.5 square miles in with a 2000 census population of 6,151. The City has no industrial or light industrial base whatsoever. Oakland County Assessing Department placed the City's (SEV) State Equalized Value as of December 31, 2005 at \$429,696,080, and the Taxable Value at \$289,218,680. The City Charter requires the establishment of a Commission-Manager form of government. The City Commission is comprised of a 5 members whom are elected at large for two and three year staggered terms. They are responsible for the appointment of the City Manager, Attorney and Chief of Police, and for approving of the appointment of the City Treasurer and City Clerk. The Commission is also responsible for enacting a set of ordinances and resolutions that govern the operation of the City. The City Manager is appointed by the City Commission and works at their pleasure. The Manager may hire department personnel at his discretion in order for effective operation of all city departments.

The City of Huntington Woods is entirely developed. Currently, less than ½ of 1% of the urban lots in Huntington Woods remains undeveloped. The vast majority of the housing stock in Huntington Woods is comprised of single-family residential properties. The City has for the last two decades been in a no growth condition, with the exception of the current propensity for the redevelopment of residential single-family structures.

The City of Huntington Woods, Michigan, like other municipalities, has its own unique demographics, culture and municipal service mix. The City has remained, for several decades, an extremely desirable residential community within the greater Detroit metropolitan area. As seen in Chart 1 below, the City boasts a relatively high population of residents employed in management, professional and related occupations. Moreover, the City's estimated 2005 median household income of \$97,055 is among the highest in Oakland County.

Other Oakland County communities also have populations that are generally affluent and educated, but Huntington Woods differs from these in some important respects. The City itself is not typical of the new, burgeoning suburban communities that comprise much of Oakland County. In contrast, much of the east side of the City was developed in the 1920s, and the west side in the 1940s. The housing stock ranges from large tudor and brick colonial homes to smaller bungalows and ranches. Moreover, the City is physically structured as a "small-town", as opposed to the sprawling, impersonal persona of many suburbs. Within this structure, the "small town" feel and related community amenities are readily apparent. Service levels are very high and include significant investment in amenities geared toward community-related cultural and activity-based services. Community involvement is also high with significant participation in committee work pertaining to municipal governance and policymaking. Essentially, a large number of residents embrace the City for the unique sense of community, and related for the unique sense of community, and related values that have developed.

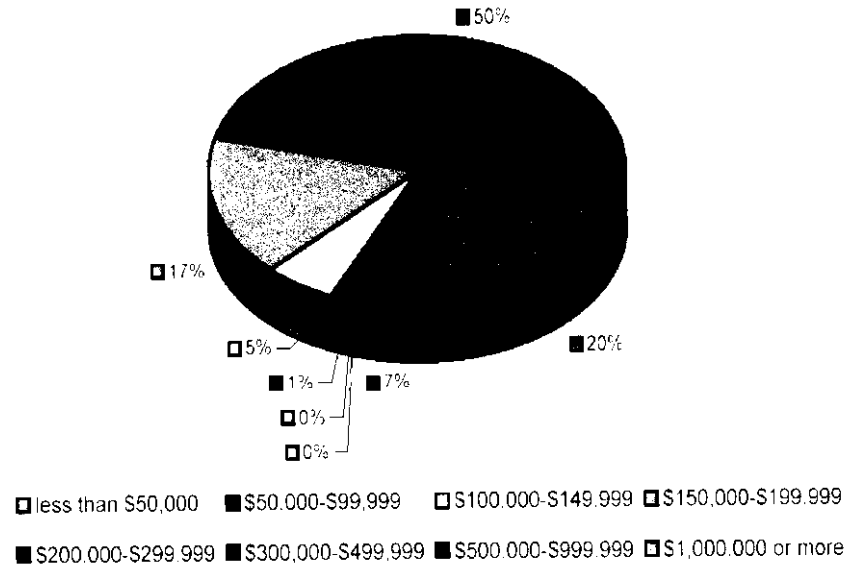
Chart 2: Educational Attainment



Source: Data U.S. Census Bureau 2000
Population 25 years and over

Not unexpectedly, service demand in Huntington Woods is extremely high. As later detailed in this report, residents enjoy a number of services that are unknown or infrequently provided in other communities. Other more common services are provided at a much higher level in Huntington Woods. Though it can't be quantified, it is highly likely that these services tend to make Huntington Woods more desirable to prospective property owners, thus providing a residual value to existing owners. As seen in Chart 3, property values are relatively high, and most listed properties sell within a fairly short time period.

Chart 3: Residential Value



Current Projects and Major Initiatives

1. The City of Huntington Woods residents passed a new millage in 2003, which called for an over-ride of the Headlee Amendment back to the original 20 mill limit. The over-ride was necessary and not a moment too soon, as major reductions in State Shared Revenue as well as property taxes due to the impact of 1993 Proposal-A served to diminish the City's revenue stream significantly. The City is continuing to review the information in the Ad-Hoc report and millage proposal program that has become a regional model for Cities, Villages and Townships struggling in the poor economic climate in Michigan. Since last year, the City has been diligent in its program efforts with respect to the changes required in the Ad-Hoc report. The increase in millage has been a critical component in the City's recovery efforts. The Chart prepared below illustrates the impact of this initiative. The results of the increase millage revenue at a time when State Shared Revenue and other revenues have declined have begun to stop the reduction in the use of un-appropriated fund assets. The goal established by the Ad-Hoc Committee in cooperation with the City Commission and the Administration was to begin to have a positive effect on equity in fiscal years 2006 and 2007. The projected fund balance appropriation for the 2006-07 budget completed in May 2006 is zero. A closer review of the current year and the issues we face regarding the City's efforts to bring our fund balance to more manageable levels can be seen in the Management Discussion and Analysis section of this CAFR.

ACTUAL CITY DEFICITS

FISCAL YEARS 2002-2006 (PROJECTED CITY DEFICIT FISCAL 2007)

FISCAL YEAR	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
REVENUE (INFLOWS)	\$ 4,715,398	\$ 4,699,947	\$ 4,781,615	\$ 5,270,589	\$ 5,653,884	\$ 6,066,056
EXPENDITURE (OUTFLOWS)	4,843,098	4,941,083	5,033,289	5,417,544	5,817,937	6,066,056
FUND BALANCE ACTUAL	1,282,282	1,041,146	789,472	642,517	478,464	478,464
PROJECTED DEFICIT	(127,700)	(241,136)	(251,674)	(146,955)	(164,053)	-

2. The Rackham Golf Course has graced our southern border for over eighty years. The course has a stunning history in the region, and by any measure can be judged as one of the finest public golf courses in the nation. Although owned by the City of Detroit, the property is within the jurisdictional boundaries of Huntington Woods. When the Baker Land Development Company sold the land to the Rackham's in 1924 there was but one restriction on the transfer of the land, "it Shall be used only as a public park or golf course or for other similar purpose." When the Rackham's gave the golf course to the City of Detroit, they further restricted it by stating in the deed, "The said premises shall be perpetually maintained by said party exclusively as a golf course for the use of the public and reasonable rules, regulations and charges established". The Golf Course has been operated for 81 years and is a constant reminder of the philanthropic efforts of Horace and Mary Rackham, who believed wholeheartedly in preserving parkland for public use. Recently, the golf course has come under attack by speculators who are looking to develop the property for commercial and residential use. The City of Huntington Woods learned about the potential sale of this valuable regional asset, and immediately took up the fight to save the historical golf course from unwarranted development.

It is likely that the City of Huntington Woods will have limited success in stalling the sale of the property through a wide range of strategies, including Circuit Court action. It has been estimated that the cost of litigating the sale of the golf course could reach \$400,000. In order to assist in this litigation, the City may set up a temporary Park Preservation account in order to allow a conduit for our Citizen Groups to donate to this worthy cause. The City believes that it may be possible to collect upward of \$100,000 from charitable donations, however, this would leave a very large liability still outstanding. The liability and costs of this litigation are being reviewed at this time. Ultimately, any costs over and above the amount of money collected from outside agencies and charitable contributions will need to be covered by re-appropriation of fund equity in the 2006-07 budget and will be recorded as such on the June 30, 2007 balance sheet.

Acknowledgements

The City of Huntington Woods is dedicated to maintaining its financial record keeping at the highest standards. In doing so, we will continue to address local and regional concerns and step up our efforts at the State level to assure our residents that our voice is heard in Lansing.

The efforts of the Huntington Woods staff in bringing this document to you for the second year cannot be underestimated. The financial data and its proper disclosure from its raw trial balance format to the CAFR is a large task that consumes substantial time and effort. The City Manager and Finance Department will continue to look at ways to make this report as readable as possible. Please do not hesitate to comment and report to us your concerns.

Additionally, we recognize the outstanding efforts by the various boards and committees. The time given by our residents and City Commission continue to assure us that Huntington Woods will continue to offer the finest community environment in Southeast Oakland County. Thank you for all your efforts.

Respectfully Transmitted,

Richard T. Lehmann
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Huntington Woods,
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



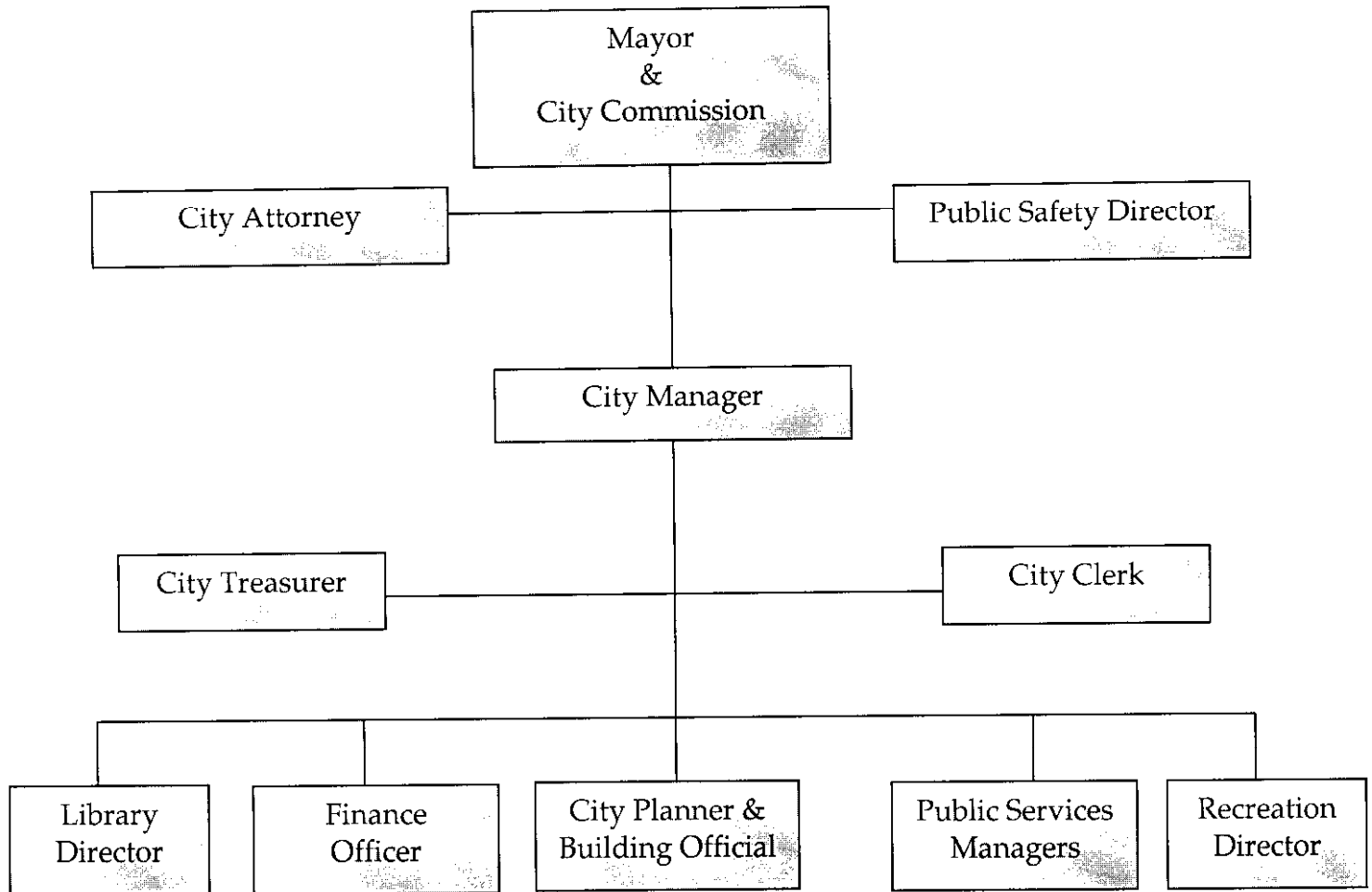
Carla E. Perry

President

Jeffrey R. Enen

Executive Director

ORGANIZATIONAL CHART



City Attorney, City Manager, Public Safety Director are appointed by the City Commission
City Treasurer is appointed by the City Manager, approval of the City Commission

City of Huntington Woods, Michigan

Principal Officials

Principal Officials - 2006

Mayor	Ronald Gillham
Mayor Pro-Tem	Jeffrey Jenks
Commissioners	Phyllis Kramer Robert Paul Mary White
City Attorneys	Bert Shifman John Carlson
City Manager	Alex Allie
City Clerk	Ruth Franzoni
City Treasurer	Joy Solanskey
Deputy Finance Director/Deputy City Treasurer	Richelle Scott
Finance Director	Richard Lehmann
Public Safety Director	Steve Fairman
Library Director	Rochelle Gach
Recreation Director	Nancy Waldmann
DPS Managers	Claire Galed Larry Harworth
Planning Official	Bonnie Cook

City of Huntington Woods, Michigan

Fund Organization Chart

Governmental Funds

General*

Special Revenue

- Major Streets
- Local Streets
- Capital Planning
- Recreation*
- Sanitation**

Debt Service

- General Debt Service
- Street Debt Service
- GWK Drain Debt Service

Capital Projects

Proprietary Funds

Enterprise

- Water and Sewer*

Internal Service

- Equipment
- Retirement Benefits
- Health Insurance

Fiduciary Funds

Agency

- Agency

* Major funds under GASB Number 34

** Presented as a major fund at the City's discretion

Financial Section



Independent Auditor's Report

To the Honorable Mayor and Members of the City Commission
of the **City of Huntington Woods, Michigan**

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Huntington Woods, Michigan as of June 30, 2006, and for the year then ended, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Huntington Woods, Michigan's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Huntington Woods, Michigan as of June 30, 2006, and the respective changes in financial position and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2006 on our consideration of the City of Huntington Woods, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

DOEREN MAYHEW

The management's discussion and analysis and budgetary comparison information on pages 3 through 10, 41 through 44 and 47 through 52 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the City of Huntington Woods, Michigan's basic financial statements. The introductory section, combining and individual non-major fund financial statements and the accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Huntington Woods, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the financial statements taken as a whole. The statistical section on pages 58 through 76 is not a required part of the basic financial statements, and we did not audit and do not express an opinion on such information.


DOEREN MAYHEW

November 8, 2006
Troy, Michigan

Management's Discussion and Analysis

City of Huntington Woods, Michigan

Management's Discussion and Analysis

The City of Huntington Woods, Michigan's (the "City") management discussion and analysis (MD&A) is designed to provide an objective and easy to read analysis of the City's financial activities based on current information and facts. The MD&A is intended to serve as an introduction to the City's basic financial statements. This information is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), identify significant variances from the approved budget, and identify individual fund issues.

Overview of the Financial Statements

The City's annual report follows a prescribed format in accordance with the requirements of all Governmental Accounting Standards Board Statements, as well as Generally Accepted Accounting Principles.

Within the financial section of this comprehensive annual financial report are four major parts: (1) management's discussion and analysis, (2) the basic financial statements, (3) required supplemental information, and (4) other supplemental information that presents combining statements for nonmajor governmental, internal service and agency funds. The basic financial statements include two kinds of statements that present different views of the City. The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial condition. The remaining statements are presented on a fund level basis, that focus on individual parts of the City's government, reporting its operations in more detail than the government-wide statements.

The information contained within this MD&A is only a component of the entire financial statements. Readers are encouraged to read it in conjunction with the transmittal letter found on pages IV through XI and preface as well as the City's financial statements and footnotes, which begin on page 11.

Government-wide Statements

The government-wide statements report information about the City as a whole, using accounting methods similar to those used by private sector, and are therefore prepared using the accrual basis of accounting. These statements provide a longer-term view of the City's finances and whether taxpayers have funded the full cost of providing governmental services. The first two statements are government-wide financial statements and include the following:

- The statement of net assets presents information pertaining to all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets will serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The statement of activities accounts for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash inflow or outflow in future fiscal periods. The primary purpose of this statement is to highlight the relative cost of providing services to the City's residents and the net impact of these services on total net assets.

Both of the government-wide financial statements distinguish functions of the City that are primarily supported by taxes and intergovernmental revenues (governmental activities) or from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include legislative, general government, public safety, public works, library, building and planning, culture and recreation. The business-type activity of the City includes the water distribution and sewer-disposal system.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund level financial statements report the City's operations in more detail than the Government-wide financial statements. The City uses fund accounting to comply with finance-related legal requirements. The City's three fund financial statements include the following:

- Governmental funds - Most of the City's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow and the fund balances remaining at the end of the year end that are available for spending. The government fund statements provide a detailed short-term view that helps the reader determine the amount of financial resources that can be spent in the near future to finance the City's programs.

The City maintains three major individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, Sanitation fund and the Recreation fund. The City's seven non-major governmental funds are combined into a single statement, individual fund data for each of these funds is provided as combining statements in the section entitled "Other Supplemental Information". The non-major governmental funds include Major Street fund, Local Street fund, Capital Planning fund, Debt Service fund, Street Debt Service fund, GWK Debt fund and the Capital Projects fund.

- Proprietary funds - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long-term and short-term financial information. The City uses two types of proprietary funds: the Water and Sewer fund is an enterprise fund, which charges residents usage fees. The other proprietary fund type is internal service funds, of which the City has three, which are used to report activities that provide services to the other City funds and activities, typically covered by charges to other City departments. Individual financial statements are presented for each fund in the section entitled "Other Supplemental Information". The activities of the internal service funds are eliminated in the government-wide statements to avoid duplicate reporting of revenues and expenses. The internal service funds include the Equipment fund, Retirement Benefits fund and the Health Insurance fund.
- Fiduciary funds - Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds. These funds are custodial in nature (assets equals liabilities) and do not involve measurement of results of operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations. However, these amounts may be appropriated to the Capital Planning Fund for use at the discretion of the City Commission.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information. This information includes budgetary comparisons for the City's General fund, Sanitation fund and Recreation fund. Following the required supplemental information is a section containing other supplemental information. This includes combining statements for the City's non-major governmental funds, internal service funds and fiduciary funds. Immediately following the supplemental information is a statistical section, which provides certain information pertaining to general government revenues, expenditures, tax revenues and collections, demographic, and other statistical information.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

Budgetary Basis of Recording: Major Governmental Funds

Actual results of the general fund versus its budget as established and amended by the City Commission revealed a positive difference of \$126,549. Since the millage vote passed in 2003, the City is attempting to reduce its reliance on the re-appropriation of the general fund balance. In the past 5 years, the City has been forced by reductions in revenue and increases in a variety of expenditure categories to re-appropriate nearly one million dollars to balance tight budgets. The City was able in this year to reduce its reliance on fund balance to \$164,053. This included a large appropriation to the post retirement fund of \$147,500. The City was fortunate as well to collect revenues in its general fund equal to \$95,986 more than was anticipated when compared to the amended 2005-06 revenue projections at year-end. On the expenditure side the City was able to spend \$30,563 less than what was appropriated. The concern however, is to maintain the balance between the amount of monies the City has in its unappropriated reserve and the amount needed to balance the general fund at year end. As was indicated in the preface of this CAFR, the City is under unique pressure given the activity surrounding the Rackham Golf Course and subsequent costs. The City will begin the 2006-07 fiscal year with a smaller fund balance than has been available to the City in 14 years. The size of the fund balance has major impact on the ability of the City to maintain adequate cash flow and investments. The objective in passing the millage vote in 2003 was to begin the process of increasing the unappropriated fund excess to a more prudent and manageable level. This would include the possibility of increasing the appropriations to the Capital Planning Fund, as well as the potential of using a budget stabilization fund to begin placing monies away to maintain our current level of services during tough economic cycles.

The reduction of our current fund balance levels began during the recent economic slump in 2001 and has continued to the present. In May 2006, the City Commission passed a resolution for the 2006-07 budget that did not include any appropriation of prior year funds. This represented the first fully balanced General Fund Budget in six years.

The completion of the 2005-06 budget year saw the City reduce its reliance on fund balance, however, a few major issues are on the immediate horizon that stand as a major impediment on moving forward.

A. LAND AND PARK PRESERVATION INITIATIVES

The City is facing an enormous economic challenge with respect to recent developments in the Rackham Golf Course matter. The un-appropriated fund balance in the General Fund is being compromised by this effort. The City will continue to look at means by which it can continue to pursue the directives of the City Commission, as well as maintain a balanced budget at fiscal year end June 2007. The current projection is that the City will need to increase its appropriation from fund balance again this year even though it began the year without an appropriation.

B. GASB's 43 and 45 - OTHER POST EMPLOYMENT BENEFITS REQUIREMENTS (OPEB)

The requirement to actuarially determine the cost of post retirement benefits for public sector units of government is not new. Huntington Woods belongs to the MERS (Municipal Employees' Retirement System of Michigan), and as such we have the obligation to adequately disclose the status of the retirement program within our financial statements. The requirement to show the real cost of current and future liabilities in the pension program has been done for years. These numbers were always disseminated in the notes to the financial statements in year-end audit disclosures. Although the results of the calculations, however critical, are not included as an unfunded liability on the balance sheet, we have been required to disclose in note format the results of actuarially determined data and the long-term liability to the City of the pension programs we maintain.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

The City will be required beginning the first fiscal year ending after December 31, 2008 to disclose information pertaining to the plan, cost, and unfunded liability as they pertain to OPEB benefits. In order to do so, the City entered into an agreement with an actuarial firm to study the cost of OPEB benefits in the future. The results of the study will be the basis for disclosing the amount of money that is required in present day dollars (present value) to fund the cost of health care in the future for the current retirees and the present city employees. The cost of health care has been rising substantially in the last few decades with no signs of abating. The requirement to show this liability on the balance sheet, although onerous is necessary. The unfunded actuarial accrued liability (UAAL) will be key to establishing what the annual required contribution (ARC) will be. We are well on our way in our review in order to establish the total unfunded liability, as well as the ARC. The administration believes this figure will be very large and amount to a cost approaching 15% of payroll or \$450,000 as of December 31, 2006. This present value projection will be the amount the City is required to fund in its entirety every year. The City of Huntington Woods currently spends approximately \$409,000 to pay for the current cost of retiree health care, although this is being done as a pay-as-you-go basis. The City, therefore, will be required to annually pay for the present cost of health care of its retirees, and as required by the GASB pronouncement, fund the ARC each year. Any amount of the ARC remaining unfunded in any given year will be shown as an increase in liability in the next fiscal year.

Without any question the changes brought about by the GASB to disclose the long-term cost and financial implications of OPEB benefits on the financial statements cannot be understated or underestimated. In the short-term, the City will need to look carefully at the ramifications of funding these UAAL costs and plan to pay the ARC in its entirety each year. There is no question that the services we provide and the balances we maintain in our governmental and enterprise funds will be compromised by the decision to fully fund the ARC each year. Minimum fund balance levels will become an issue as the City is obligated to finish the year with a balanced budget as per the Uniform Budget Act. Any unforeseen expenditure will cause the budget to be overspent, therefore creating a negative variance and reducing fund balance further.

Additionally, this has been another difficult year for the City in dealing with the results of the Emerald Ash Borer insect that has destroyed all 400 ash trees in the City. This tree epidemic has caused the sanitation fund to significantly overspend during the year. The major and local road funds as well as the sanitation fund have been impacted as the expected removal and replacement cost of our tree stock will be in excess of \$250,000.

The City continues to aggressively review expenditures and revenue estimates at the end of each fiscal year in an effort to reduce the instances of negative budget variances.

Financial Position Statement

The City used a portion of the general fund balance in each of the last six years. The change in fund balance in the General Fund is illustrated in the chart available in the preface of this document.

This use of fund balance to balance the budget is due to many factors including reduction in revenue sharing, major increases in employee benefits, and major changes in interest earnings. The most significant concern is the reduction in our taxing ability brought about by the Headlee Amendment and Proposal A. These initiatives have combined to cause the City to be unable to raise additional tax dollars to replace those lost by cost increases and revenue sharing reductions. The City Commission has taken steps to curb the reduction of fund balance by increasing user fees and adopting a balanced budget in 2006-07, however as indicated above, the City is under enormous pressure as it pertains to the cost of legal services and continued health care costs that are escalating at increasing rates.

The millage override vote in 2003 has been critical to the City in its efforts to post a balanced 2006-07 budget. At this point the City has utilized 1.00 mill of the override. The City will be able to continue increasing the millage levy at the discretion of the City Commission until the new millage equals the declining Headlee tax millage limit. At that point the City may not levy additional millage. Therefore, although the millage over-ride vote brought the millage up to 20 mills as per the charter, the dynamics of the Headlee formula will prevent the City from ever levying an amount equal to this value. The chart below serves as an illustration of this principle.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

Year	Amount of Additional Levy	Maximum Amount Levied	Yearly Increase/Decrease Over Prior Year's Levy	Yearly Increase/Decrease Over No Millage Levy
2003		13.5408		
2004	0.5000	14.0408		0.7708
2005	0.5000	14.2600	0.2192	1.2554
2006	0.5000	14.4748	0.2148	1.7303
2007	0.5000	14.6853	0.2105	2.1957
2008	0.5000	14.8916	0.2063	2.6518
2009	0.5000	15.0938	0.2022	3.0987
2010	0.5000	15.2919	0.1981	3.5368
2011	0.5000	15.4860	0.1942	3.9660
2012	0.5000	15.6763	0.1903	4.3867
2013	0.5000	15.8628	0.1865	4.7990
2014	0.5000	15.7889	-0.0739	4.9463
2015	0.0000	15.4775	-0.3114	4.8518
2016	0.0000	15.1680	-0.3096	4.7548

The City is continuing its efforts to complete the tasks set by the Ad-Hoc Operational and Financial Analysis Committee. The following action items have been in place for a period of two years at this point, and are still germane:

- A reduction in spending and budget spending delays based upon the implementation of a study completed by an AD-HOC Financial Analysis Committee including a series of 29 directives for reductions in expenditures city-wide, as illustrated in the Letter of Transmittal.
- Further budget reductions and delays in capital project spending.
- Increase in millage by .50 mills per year as per voter approval.
- Implementation of recent changes in the building department structure. The City has reviewed the cost of operating the building department and has made significant changes that will allow the City to collect revenue commensurate with the cost of operating the building department.

The City of Huntington Woods as a Whole

The City's combined total of net assets for the fiscal year ended June 30, 2006 is \$20.2 million. Comparative analysis of government-wide data is being presented for fiscal years 2006 and 2005.

Combined unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, is reported as \$3.6 million in fiscal year ended 2006. Of this amount, \$1.7 million is unrestricted net assets reported for the City's governmental activities.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

The information below shows total assets, total liabilities and total nets assets as of June 30, 2006 and 2005, in a condensed format.

	Governmental Activities 2006	Business-Type Activities 2006	Total	Governmental Activities 2005	Business-Type Activities 2005	Total
Current Assets	\$ 3,124,626	\$ 2,010,027	\$ 5,134,653	\$ 3,632,866	\$ 1,918,531	\$ 5,551,397
Capital Assets	26,656,857	2,623,592	29,280,449	26,899,780	2,725,534	29,625,314
Total assets	29,781,483	4,633,619	34,415,102	30,532,646	4,644,065	35,176,711
Long-Term Debt	12,612,552	170,653	12,783,205	13,262,989	215,427	13,478,416
Other Liabilities	1,218,769	164,965	1,383,734	1,622,924	277,173	1,900,097
Total liabilities	13,831,321	335,618	14,166,939	14,885,913	492,600	15,378,513
Net Assets						
Invested in Capital Assets						
Net of Debt	14,050,776	2,452,939	16,503,715	13,718,189	2,510,107	16,228,296
Restricted	136,015	-	136,015	136,015	-	136,015
Unrestricted	1,763,371	1,845,062	3,608,433	1,792,529	1,641,358	3,433,887
Total Net Assets	\$ 15,950,162	\$ 4,298,001	\$ 20,248,163	\$ 15,646,733	\$ 4,151,465	\$ 19,798,198

The following shows the change in net assets as of June 30, 2006 and 2005, in a condensed format.

	Governmental Activities 2006	Business-Type Activities 2006	Total	Governmental Activities 2005	Business-Type Activities 2005	Total
Program Revenues:						
Charges for services	\$ 1,997,721	\$ 1,721,141	\$ 3,718,862	\$ 1,927,417	\$ 1,611,279	\$ 3,538,696
Operating grants and contributions	397,712	-	397,712	380,025	-	380,025
Capital grants and contributions	9,055	-	9,055	8,465	-	8,465
General Revenues:						
Property taxes	5,783,176	-	5,783,176	5,499,185	-	5,499,185
State-shared revenues	586,265	-	586,265	591,245	-	591,245
Interest earnings	152,226	40,942	193,168	106,576	26,878	133,454
Other revenue	185,778	-	185,778	244,749	-	244,749
Total revenues	9,111,933	1,762,083	10,874,016	8,757,662	1,638,157	10,395,819
Program Expenses:						
General government	3,718,636	-	3,718,636	3,862,617	-	3,862,617
Public safety	1,682,452	-	1,682,452	1,598,567	-	1,598,567
Public works	264,741	-	264,741	217,363	-	217,363
Library	452,332	-	452,332	435,380	-	435,380
Maintenance	408,529	-	408,529	407,231	-	407,231
Traffic services	33,308	-	33,308	15,756	-	15,756
Snow and ice removal	43,966	-	43,966	58,644	-	58,644
Administrative	114,557	-	114,557	206,666	-	206,666
Aquatic Club	182,307	-	182,307	189,009	-	189,009
Recreation	1,528,134	-	1,528,134	1,365,100	-	1,365,100
Interest expense	495,986	-	495,986	524,043	-	524,043
Water	-	1,499,103	1,499,103	-	1,598,457	1,598,457
Total program expenses	8,924,948	1,499,103	10,424,051	8,880,376	1,598,457	10,478,833
Excess (Deficiency) Before Transfers	186,985	262,980	449,965	(122,714)	39,700	(83,014)
Transfers	116,444	(116,444)	-	106,435	(106,435)	-
Increase (Decrease) in Net Assets	303,429	146,536	449,965	(16,279)	(66,735)	(83,014)
Net Assets - Beginning of Year	15,646,733	4,151,465	19,798,198	15,663,012	4,218,200	19,881,212
Net Assets - End of Year	\$ 15,950,162	\$ 4,298,001	\$ 20,248,163	\$ 15,646,733	\$ 4,151,465	\$ 19,798,198

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

As referenced in the chart above, the City was able during the recent fiscal year to increase its net asset worth by \$449,965. We believe that the increased millage rate coupled with a good investment earnings helped us achieve this positive movement. In addition, the conservative budget and reductions in capital spending reduced the overall cost of providing government-wide services. The headway made this year is necessary and needs to be increased during the next few fiscal years. The manner in which we move forward with the legal challenges presented by the Rackham case as well as the improvement in the economic climate will determine whether we can increase our net asset value and reduce our liabilities in the years to come.

Looking forward, the City is at a point where our long-term debt most likely will increase over the next 3-4 years. The current long-term debt picture shows a total of \$12,612,552 in total debt obligations. The principal balance was reduced by \$650,437 this fiscal year (please refer to the Notes to the Financial Statements Note 4). The great preponderance of this amount is covered by debt millage issued outside of the Headlee tax limitation formula, although a small portion is P.A. 99 installment debt paid from Ad-Valorem taxes. The City may levy the amount of millage in any given year equal to the amount needed to pay its current year bonded debt obligations. The amount of millage needed to pay this debt in 2005-06 was 3.9832 mills, which includes overlapping debt for the Oakland County GWK Drain. The statutory limit on the debt levy for the City equals 10% of the State Equalized Value or \$42.9 million. The City currently has debt outstanding equal to 28.6% of this value.

The City is currently reviewing the following projects that will include debt levies in the near future:

- 11 Mile Road Reconstruction
- Local Road Reconstruction

Other issues on the table involve the levy of debt for the Rackham Golf Course and the viability of a debt levy in the future to handle the costs involved in the new GASB 43 and 45 pronouncements, pending a legislative change that would allow the City to levy debt for this purpose.

Major changes in capital assets are unlikely in the fiscal year 2006-07. Capital assets will change within a few years once the 11 Mile project has progressed. It is likely that other projects including the potential purchase of Rackham Golf Course and the re-development of the local street system via a bond issue will add to the capital asset values. Other changes to the capital asset picture from the purchase of small equipment and vehicles for the DPS fleet is likely, however, this will not change the overall value of the capital assets to any large degree.

Inter-fund transfers have increased over the last fiscal year by 18.23%. This is due to a number of factors including larger than anticipated transfers to pay for the Recreation Fund administration and programs. The City maintains a high level of recreation programming. This has reached its peak since the re-development of the Recreation Center. On an overall basis, 70% of the cost of operating the recreation facility is paid by program revenue. Unfortunately, 30% or about \$540,000 is paid by transfers from the general fund. This is in large part due the change in census patterns at the elementary school, as a large portion of the revenue received are due to revenue directly related to the latch-key programs. The other area of major concern is the cost of the Post Retirement Benefit Fund. This internal service fund is set up to handle the current liability for health care and related benefits for current retirees. In addition, the City maintains a reserve in the fund equal to the accrued liability of current sick and vacation benefits for its workforce. The cost of maintaining these balances with health-care rising at double digit rates is high. We will in the next few years be faced with additional costs associated with OPEB requirements. The City must look at ways to reduce the amount of money transferred to the Recreation Fund by working with the Recreation Department in finding ways to reduce the fixed cost of operation.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

The cost of inter-fund transfers on the General Fund will increase in the next few years in order to pay for the cost of funding the Annual Required Contribution (ARC) under the OPEB pronouncements. Ultimately with no new revenue projected other than tax revenue from increased millage levies, the net impact to the general fund will be great. The Administration is currently looking at measures to reduce expenses in the General Fund in order to allow additional monies to be transferred for OPEB purposes.

SUMMARY

The City is making continual progress in reducing the financial impact caused by Proposal A, reductions in statutory revenue sharing and the current recession in Michigan. The City has already utilized 1.5 mills of the new millage in the 2006-07 fiscal year. The Administration and City Commission must be vigilant in carefully reviewing the impact of property litigation regarding the Rackham Golf Course and the onerous requirements of the upcoming OPEB changes. The continued reduction in the fund balance has left the City vulnerable to unforeseen budget shortfalls. The City has appropriated a balanced 2006-07 budget. The balance sheets included in this transmittal allow a good starting point for the long awaited recovery. The Administration feels confident we can continue this trend.

The Administration will now set its sights on preparation for the 2008 11 Mile Road program, as well as other local road projects that may require bond votes. The City is still working under the no-growth program as established by the Ad-Hoc Financial and Analysis Committee and the majority of the original recommendations have been implemented. The City must still take steps to reduce expenditures, reduce staff where possible, and assure that the appropriate fees are posted for services rendered.

The City has taken proactive steps to complete actuarial studies on the impact of GASB's 43 and 45. The impact of these changes will be felt in 2009, although the City may at its discretion implement these changes early. Based upon the preliminary report and data from other similar communities, we believe that the impact of the pronouncements will be detrimental to the General Fund. Without question, further reductions and belt tightening will be needed in order to adequately fund these initiatives.

This report is intended to provide the citizens, taxpayers, customers and investors with a general overview of the City's financial position. Care has been taken to clearly and accurately describe the financial state of the City as of the close of business June 30, 2006. We would welcome any comments on its content and presentation. Please feel free to contact the City Finance Department should you have any comments or need clarification on any of the financial statements.

Basic Financial Statements

CITY OF HUNTINGTON WOODS, MICHIGAN
STATEMENT OF NET ASSETS
JUNE 30, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents (note 1)	\$ 206,984	\$ 44,221	\$ 251,205
Investments (note 2)	2,601,677	1,424,502	4,026,179
Receivables			
Accounts receivable	189,450	475,407	664,857
Contracts	40,303	-	40,303
Special assessments	63,957	-	63,957
Accrued interest	19,255	-	19,255
Due from other governmental units	3,000	-	3,000
Prepaid items	-	1,730	1,730
Inventories	-	64,167	64,167
Capital assets, net (note 3)			
Assets not depreciated	89,802	1,000	90,802
Construction-in-progress	3,748,688	-	3,748,688
Assets being depreciated	22,818,367	2,622,592	25,440,959
Total assets	29,781,483	4,633,619	34,415,102
Liabilities			
Bank overdraft	270,426	-	270,426
Accounts payable and contract retainages	171,146	85,028	256,174
Accrued expenses	85,726	57,552	143,278
Due to other funds	-	3,000	3,000
Deposits	31,871	19,385	51,256
Other liabilities	659,600	-	659,600
Noncurrent liabilities (note 4)			
Due within one year	784,166	17,560	801,726
Due in more than one year	11,828,386	153,093	11,981,479
Total liabilities	13,831,321	335,618	14,166,939
Net Assets			
Invested in capital assets, net of related debt	14,050,776	2,452,939	16,503,715
Restricted for			
Construction projects	136,015	-	136,015
Unrestricted	1,763,371	1,845,062	3,608,433
Total net assets	\$ 15,950,162	\$ 4,298,001	\$ 20,248,163

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2006

	Program Revenues			Net Revenues (Expenses) and Change in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government						
Governmental activities						
General government	\$ 3,718,636	\$ 533,819	\$ 7,098	\$ (3,177,719)	\$ -	\$ (3,177,719)
Public safety	1,682,452	176,985	1,957	(1,503,510)	-	(1,503,510)
Public works	264,741	202,660	-	(62,081)	-	(62,081)
Library	452,332	86,976	5,822	(359,534)	-	(359,534)
Maintenance	408,529	-	391,890	(16,639)	-	(16,639)
Traffic services	33,308	-	-	(33,308)	-	(33,308)
Snow and ice removal	43,966	-	-	(43,966)	-	(43,966)
Administrative	114,557	-	-	(114,557)	-	(114,557)
Aquatic Club	182,307	186,133	-	3,826	-	3,826
Recreation	1,528,134	811,148	-	(716,986)	-	(716,986)
Interest on long-term debt	495,986	-	-	(495,986)	-	(495,986)
Total governmental activities	8,924,948	1,997,721	397,712	(6,520,460)	-	(6,520,460)
Business-type activities						
Water	1,499,103	1,721,141	-	-	222,038	222,038
Total primary government	\$ 10,424,051	\$ 3,718,862	\$ 397,712	(6,520,460)	222,038	(6,298,422)
General revenues and transfers						
Property taxes, levied for general purposes				4,634,466	-	4,634,466
Property taxes, levied for debt service purposes				1,148,710	-	1,148,710
State-shared revenues, unrestricted				586,265	-	586,265
Interest and investment earnings				152,226	40,942	193,168
Other				185,778	-	185,778
Transfers				116,444	(116,444)	-
Total general revenues and transfers				6,823,889	(75,502)	6,748,387
Changes in net assets				303,429	146,536	449,965
Net Assets - July 1, 2005				15,646,733	4,151,465	19,798,198
Net Assets - June 30, 2006				\$ 15,950,162	\$ 4,298,001	\$ 20,248,163

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2006

	ASSETS				
	Major Funds			Other Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Sanitation Fund	Recreation Fund		
Cash and cash equivalents	\$ -	\$ -	\$ 23,448	\$ 59,346	\$ 82,794
Investments	650,220	247,000	120,000	790,157	1,807,377
Receivables					
Accounts receivable	118,089	-	2,703	68,658	189,450
Taxes	35,380	4,384	539	-	40,303
Due from other funds	-	-	-	3,000	3,000
Inventories	19,255	-	-	-	19,255
Prepaid items	42,929	-	-	-	42,929
Total assets	<u>\$ 865,873</u>	<u>\$ 251,384</u>	<u>\$ 146,690</u>	<u>\$ 921,161</u>	<u>\$ 2,185,108</u>

LIABILITIES AND FUND BALANCES

Liabilities

Bank overdraft	\$ 124,603	\$ 145,823	\$ -	\$ -	\$ 270,426
Accounts payable	48,514	59,609	27,086	22,012	157,221
Accrued and other liabilities	45,590	1,501	33,674	4,052	84,817
Due to other funds	147,500	-	-	-	147,500
Other liabilities	21,202	-	10,669	-	31,871
Total liabilities	387,409	206,933	71,429	26,064	691,835

Fund Balances

Reserved for					
Special Revenue Funds	-	-	-	136,015	136,015
Unreserved					
Designated	73,194	-	-	-	73,194
Capital Projects	-	-	-	979	979
Undesignated	405,270	44,451	75,261	-	524,982
Special Revenue Funds	-	-	-	333,340	333,340
Debt Service Funds	-	-	-	424,763	424,763
Total fund balances	<u>478,464</u>	<u>44,451</u>	<u>75,261</u>	<u>895,097</u>	<u>1,493,273</u>
Total liabilities and fund balances	<u>\$ 865,873</u>	<u>\$ 251,384</u>	<u>\$ 146,690</u>	<u>\$ 921,161</u>	<u>\$ 2,185,108</u>

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
AND STATEMENT OF NET ASSETS
JUNE 30, 2006

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances for governmental funds	\$ 1,493,273
Capital assets used in governmental activities are not financial resources and are not reported in the funds	25,629,741
Long-term liabilities are not due and payable in the current period and are not reported in the funds - bonds payable	(12,451,036)
Internal Service Funds are included as part of governmental activities	1,284,655
Compensated absences are included as a liability in governmental activities	<u>(6,471)</u>
Net assets of governmental activities	<u>\$ 15,950,162</u>

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Major Funds			Other	Total
	General Fund	Sanitation Fund	Recreation Fund	Nonmajor Governmental Funds	Governmental Funds
Revenues					
Property taxes and special assessments	\$ 4,069,489	\$ 503,398	\$ 61,580	\$ 1,148,709	\$ 5,783,176
Licenses and permits	340,215	-	-	-	340,215
Intergovernmental	601,144	-	-	375,205	976,349
Charges for services	90,598	-	-	-	90,598
Aquatic Club charges	-	-	186,133	-	186,133
Program fees	-	-	811,148	-	811,148
Fines and forfeits	250,160	-	-	-	250,160
Interest	88,859	7,623	102	31,586	128,170
Other	213,419	9,505	10,386	57,622	290,932
Total revenues	5,653,884	520,526	1,069,349	1,613,122	8,856,881
Expenditures					
Current					
General government	1,082,652	-	-	-	1,082,652
Public safety	1,623,066	-	-	-	1,623,066
Public works	208,616	-	-	-	208,616
Library	429,309	-	-	-	429,309
Maintenance	-	-	-	408,529	408,529
Traffic services	-	-	-	33,308	33,308
Snow and ice removal	-	-	-	43,966	43,966
Administrative	-	76,367	-	38,190	114,557
Aquatic Club	-	-	182,307	-	182,307
Recreation	-	-	1,390,945	-	1,390,945
Employee benefits	1,327,708	21,750	-	-	1,349,458
Professional services	-	425,197	-	-	425,197
Capital outlay	-	-	-	177,156	177,156
Debt service					
Principal	-	-	-	730,554	730,554
Interest and other charges	-	-	-	495,986	495,986
Total expenditures	4,671,351	523,314	1,573,252	1,927,689	8,695,606
Excess of Revenues Over (Under)					
Expenditures	982,533	(2,788)	(503,903)	(314,567)	161,275
Other Financing Sources (Uses)					
Transfers - in	140,654	-	501,889	382,371	1,024,914
Transfers - out	(1,287,240)	(25,210)	-	(35,000)	(1,347,450)
Total other financing sources (uses)	(1,146,586)	(25,210)	501,889	347,371	(322,536)
Net Change in Fund Balances	(164,053)	(27,998)	(2,014)	32,804	(161,261)
Fund Balances - July 1, 2005	642,517	72,449	77,275	862,293	1,654,534
Fund Balances - June 30, 2006	\$ 478,464	\$ 44,451	\$ 75,261	\$ 895,097	\$ 1,493,273

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

Net change in fund balances - total governmental funds	\$ (161,261)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period	(170,566)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increased long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments	650,262
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in government funds	174
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net expenses of the Internal Service Funds is reported with governmental activities	<u>(15,180)</u>
Change in net assets of governmental activities	<u>\$ 303,429</u>

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2006

	Business-Type Activities	Governmental Activities
	Water Fund	Internal Service Funds
Assets		
Current Assets		
Cash and cash equivalents	\$ 44,221	\$ 124,190
Investments	1,424,502	794,300
Receivables	475,407	-
Prepaid expenses	1,730	21,028
Due from other funds	-	147,500
Inventories	64,167	-
Total current assets	2,010,027	1,087,018
Noncurrent Assets		
Capital assets, net		
Assets not depreciated	1,000	-
Assets being depreciated	2,622,592	1,027,116
Total noncurrent assets	2,623,592	1,027,116
Total assets	<u>\$ 4,633,619</u>	<u>\$ 2,114,134</u>
Liabilities		
Accounts payable and contract	\$ 85,028	\$ 13,925
Accrued expenses	57,552	909
Deposits and other	19,385	-
Due to employees	-	659,600
Due to other funds	3,000	-
Noncurrent liabilities		
Due within one year	17,560	24,853
Due in more than one year	153,093	130,192
Total liabilities	335,618	829,479
Net Assets		
Invested in capital assets, net of related debt	2,452,939	872,071
Restricted for		
Other purposes	-	180,000
Unrestricted	1,845,062	232,584
Total net assets	4,298,001	1,284,655
Total liabilities and net assets	<u>\$ 4,633,619</u>	<u>\$ 2,114,134</u>

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Business-Type Activities Water Fund	Governmental Activities Internal Service Funds
Operating Revenues		
Charges for sales and services	\$ 1,713,505	\$ -
Penalties	6,131	-
Charges to other funds of the City	-	202,660
Other	1,505	28,336
Total operating revenues	1,721,141	230,996
Operating Expenses		
Sewage disposal costs	588,163	-
Water purchases	286,922	-
Payroll and benefits	322,478	-
Depreciation	101,942	153,145
Other	199,598	556,067
Total operating expenses	1,499,103	709,212
Operating Income (Loss)	222,038	(478,216)
Nonoperating Revenues		
Interest income	40,942	24,056
Transfers - In (Out)	(116,444)	438,980
Change in Net Assets	146,536	(15,180)
Net Assets - July 1, 2005	4,151,465	1,299,835
Net Assets - June 30, 2006	<u>\$ 4,298,001</u>	<u>\$ 1,284,655</u>

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Business-Type Activities Water Fund</u>	<u>Governmental Activities Internal Service Funds</u>
Cash Flows From Operating Activities:		
Receipts from customers	\$ 1,722,995	\$ 230,996
Payments to suppliers for goods and services	(1,197,643)	(225,633)
Payments to employees for services	(322,478)	(451,056)
	<u>202,874</u>	<u>(445,693)</u>
Net cash provided from (used in) operating activities		
Cash Flows From Noncapital Financing Activities:		
Interfund transfers	(116,444)	438,980
Cash Flows From Capital and Related Financing Activities:		
Acquisition of property, plant and equipment	-	(193,504)
Proceeds from sale of capital assets	-	41,567
Bank overdraft	-	(191,981)
Proceeds from long-term debt	-	98,100
Payments of long-term debt	(44,774)	(17,808)
	<u>(44,774)</u>	<u>(263,626)</u>
Net cash used in capital and related financing activities		
Cash Flows From Investing Activities:		
Interest received	40,942	24,056
	<u>82,598</u>	<u>(246,283)</u>
Net Increase (Decrease) in Cash and Cash Equivalents		
	82,598	(246,283)
Cash and Cash Equivalents - July 1, 2005	<u>1,386,125</u>	<u>1,164,773</u>
Cash and Cash Equivalents - June 30, 2006	<u>\$ 1,468,723</u>	<u>\$ 918,490</u>
Reconciliation of operating income (loss) to net cash provided from (used in) operating activities:		
Operating income (loss)	\$ 222,038	\$ (478,216)
Depreciation	101,942	153,145
Gain on sale of capital assets	-	(9,144)
Adjustments to reconcile operating income (loss) to net cash provided from (used in) operating activities:		
Decrease in receivables	1,854	10,631
Increase in prepaid expenses	(1,730)	(1,065)
Increase in due from other funds	-	(97,500)
Increase in inventories	(9,022)	-
Decrease in accounts payable and contract	(121,210)	(96,693)
Decrease in deposits and other	(765)	-
Increase in due to other funds	3,000	-
Increase in other liabilities	6,767	73,149
	<u>(121,106)</u>	<u>(111,478)</u>
Total adjustments		
Net cash provided from (used in) operating activities	<u>\$ 202,874</u>	<u>\$ (445,693)</u>

See accompanying notes to financial statements

City of Huntington Woods, Michigan

Notes to Financial Statements

June 30, 2006

Note 1 - Significant Accounting Policies

The accounting policies of the City of Huntington Woods, Michigan (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Huntington Woods, Michigan:

Reporting Entity

The City has adopted the position of the Governmental Accounting Standards Board (GASB) as outlined in its Statement 1 regarding the definition of a reporting entity. The City of Huntington Woods, Michigan is governed by an elected mayor and a four-member commission. A full-time City Manager is appointed by this body to carry out the policies that are established. The City has no component units, or entities for which the City is considered financially accountable.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not included among program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, proprietary fund, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund. Revenue is recorded when earned, and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2006

Note 1 - Significant Accounting Policies - Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

expenditures, expenditures relating to compensating absences, and claims and judgments are recorded only when payment is due.

The City reports the following major governmental funds:

General fund - The General fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Sanitation fund - The Sanitation fund accounts for the operation of the solid waste collection, disposal and recycling functions of the City.

Recreation fund - The Recreation fund accounts for the operation and maintenance of city parks, as well as the operation of all recreation programs and leisure activities, including the operation of the City pool.

The City reports the following major proprietary fund:

Water and Sewer fund - The Water and Sewer fund accounts for the operation and maintenance of the water supply system, as well as the City sewage disposal infrastructure. It is financed primarily through user charges.

Additionally, the City reports the following fund types:

Internal service fund - Internal service funds account for major machinery and equipment purchases and maintenance, as well as risk management services provided to other departments of the City on a cost reimbursement basis. They also account for health care benefits provided to qualified employees during retirement, as well as a health insurance fund to provide for self-funding of health care benefits.

Agency fund - The Agency fund is custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The fund is used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds. The City is responsible for ensuring that the assets reported in this fund are used for their intended purposes. The Agency fund cannot use these assets to finance its operations. However, these amounts may be appropriated to the Capital Planning Fund for use at the discretion of the City Commission.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with the proprietary fund's principal ongoing activities. The principal operating revenue of our proprietary fund relates to charges to customers for water sales and services and sewage disposal. Operating expenses for proprietary funds include the cost of water, sewer disposal, operations and maintenance, general and administrative expenses, and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2006

Note 1 - Significant Accounting Policies - Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Property Tax Revenue

Property taxes are levied on each July 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed. Any real property taxes not paid by March 1st, following the due date, are purchased by the County and paid to the City. The County Treasurer takes over collection responsibility at that date. Delinquent personal property taxes are less certain as to ultimate collection and, therefore, are paid to the City upon collection.

The City's 2005 tax is levied and collectible on July 1, 2005, and is recognized as revenue in the year ended June 30, 2006, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2005 taxable valuation of the City totaled \$289,218,680, of which taxes levied consist of 19.2012 mills for general and debt service purposes. This resulted in \$5,553,346 for general and debt service purposes, exclusive of any Michigan Tax Tribunal or Board of Review adjustments. Once these adjustments were made, the amount available for general and debt service purposes was \$5,783,176. These amounts are recognized in the respective General, Special Revenue and Debt Service Funds financial statements as tax revenue.

Assets, Liabilities and Net Assets or Equity

Cash and Investments - Cash and cash equivalents include cash on hand and demand deposits. Investments include all short-term instruments of less than three months when acquired, as well as investment instruments as allowed by P.A. 20 of 1943 as amended and the City's investment policy. Investments are stated at fair value. To the extent that cash from various funds has been pooled, pooled investment income is generally allocated to each fund using a weighted average cash balance per fund. Throughout the year ended June 30, 2006, the City had cash balances with a major single financial institution in excess of \$100,000, which is covered by the Federal Depository Insurance Corporation. At June 30, 2006, no single investment instrument was in excess of the FDIC insurance limit.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." All trade and property tax receivables are shown net of allowance for uncollectible accounts.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in the financial statements.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2006

Note 1 - Significant Accounting Policies - Continued

Assets, Liabilities and Net Assets or Equity - Continued

Buildings, equipment and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Building improvements	40 years
Infrastructure	60 years
Machinery and equipment	7 - 15 years
Office equipment/furniture	5 - 10 years
Vehicles	7 years

Compensated Absences (Vacation and Sick Time) - It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide and proprietary financial statements, accrued compensated absences are paid upon employee termination.

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discounts. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2006

Note 1 - Significant Accounting Policies - Continued

Budgetary Information

The City is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following is a summary of the requirements of this Act according to the State Treasurer's "Bulletin for Audits of Local Units of Government in Michigan" dated April 1984:

- Budgets must be adopted for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects.
- Budgeted expenditures cannot exceed budgeted revenues and fund balance.
- The budgets must be amended when necessary.
- Public hearings must be held before budget adoptions.
- Expenditures cannot exceed budget appropriations.
- Expenditures must be authorized by a budget before being incurred.

Budgeted amounts of the revenues and expenditures presented for the governmental funds are a summarization of the budgeted amounts as originally adopted, or as amended by the City Commission. Individual amendments were not material in relation to the original appropriations that were adopted for the general, special revenue, or debt service funds. Budget appropriations lapse at year-end and encumbrances are not included as expenditures. A comparison of the budget with statements of actual revenues and expenditures, including budget variances, for the above funds, is included as required supplemental information. Budgets have been prepared on a basis consistent with generally accepted accounting principles.

Budget Compliance

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit of government shall not incur expenditures in excess of the amount appropriated. The City appropriated \$290,602 from the unreserved fund balance for operations. For the fiscal year ended June 30, 2006, \$164,053 was used for this purpose. The General Fund finished the year with 100% of all appropriations spent in aggregate, however for the year ended June 30, 2006, the following accounts incurred excess expenditures over the amount appropriated:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Percentage</u>
General Fund:				
Administrative	\$ 917,887	\$ 952,694	\$ 34,807	4%
Transfers - out	1,139,740	1,287,240	147,500	12%
Special Revenue Funds:				
Sanitation	\$ 542,791	\$ 548,524	\$ 5,733	1%
Capital Planning	152,321	177,003	24,682	14%
Debt Service Funds:				
Debt Service	\$ 411,950	\$ 412,088	\$ 138	1%
Street Debt Service	508,216	508,278	62	1%

The funds had adequate fund balance to cover the expenditures in excess of amounts appropriated.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2006

Note 1 - Significant Accounting Policies - Continued

Budget Compliance - Continued

The City established the Health Insurance Fund, an Internal Service Fund on July 1, 2002 for the purpose of providing a fund by which future employee health insurance costs may be charged.

Note 2 - Deposits and Investments

Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. To the extent that cash from various funds has been pooled in an investment, related investment income is allocated to each fund based on relative participation in the pool.

The City has designated one bank for the deposit of its funds. Each financial intermediary, broker, or dealer that holds the City's funds must be provided with a copy of the investment policy and comply with the policy. The investment policy adopted by the commission in accordance with Public Act 196 of 1997 has authorized investment in all of the above securities. The City's deposits and investment policy are in accordance with statutory authority.

Deposits

The deposits of the City as of June 30, 2006 amounted to \$154,574 in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) of which \$54,574 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2006

Note 2 - Deposits and Investments - Continued

Investments

As of June 30, 2006, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Totals</u>	<u>Less Than 3 Months</u>	<u>3-6 Months</u>	<u>6-12 Months</u>	<u>12-24 Months</u>	<u>24-36 Months</u>
Money Market Fund	\$ 674,464	\$ 674,464	\$ -	\$ -	\$ -	\$ -
Federal Farm Credit BKS CONS	300,849	-	-	-	300,849	-
Federal Home Loan Bank (FHILB)	1,675,865	199,669	545,961	643,712	238,086	48,437
Federal National Mortgage Corporation (FNMA)	1,878,329	424,200	800,870	-	410,695	242,564
	<u>\$ 4,529,507</u>	<u>\$ 1,298,333</u>	<u>\$ 1,346,831</u>	<u>\$ 643,712</u>	<u>\$ 949,630</u>	<u>\$ 291,001</u>

The investments presented on the Statement of Net Assets from the primary government and agency fund includes accrued interest of \$3,328 as of June 30, 2006.

Interest Rate Risk. Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. State law limits the allowable investments and the maturities of some of the allowable investments. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City's policy to limit its investments in these investment types to the top rating issued by NRSROs. As of June 30, 2006, the City's investments in commercial paper were rated A1 by Standard and Poor's and P1 by Moody's Investors Service.

Diversification. The City's investment policy suggests that the City "diversify by security type and institution", and that no more than 50% of the portfolio is in a single financial institution. The current portfolio is well diversified to an average of 4% in any one investment instrument.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2006

Note 2 - Deposits and Investments - Continued

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk. At year end, none of the City's investments were subject to custodial credit risk due to one of the following:

- Investments were book-entry only in the name of the City and were fully insured.
- Investments were part of a mutual fund.
- Investments were held by an agent in the City's name.

At year end, the City's investment balances were categorized as follows:

PAR AMOUNT	INVESTMENT VEHICLE	Coupon	Maturity Date	S&P	Yield to Maturity	Current Market Value
215,311	Money Market Fund	5.18%	Liquid	Not rated	5.18%	\$ 215,311
33,501	Money Market Fund	4.77%	Liquid	Not rated	4.77%	33,501
200,000	Federal Home Loan Bank	3.76%	11/17/06	AAA	5.40%	199,669
300,000	Federal Farm Credit BKS CONS	3.13%	12/11/06	AAA	5.50%	300,849
300,000	Federal Home Loan Bank	4.00%	4/18/07	AAA	5.60%	298,871
100,000	Federal Home Loan Bank	4.25%	6/28/07	AAA	5.60%	98,785
150,000	Federal National Mortgage Corp MT	3.50%	4/21/08	AAA	5.70%	145,424
101,448	Money Market Fund	4.93%	Liquid	Not rated	4.93%	101,448
29,648	Money Market Fund	1.10%	Liquid	Not rated	1.10%	29,648
5,402	Money Market Fund	4.97%	Liquid	Not rated	4.97%	5,402
6,340	Money Market Fund	3.74%	Liquid	Not rated	3.74%	6,340
300,000	Federal Home Loan Bank	4.00%	6/22/07	AAA	5.60%	295,893
350,000	Federal National Mortgage Corp	3.50%	8/15/06	AAA	5.20%	353,861
29,797	Money Market Fund	4.57%	Liquid	Not rated	4.57%	29,797
350,000	Federal National Mortgage Corp	4.38%	10/15/06	AAA	5.30%	352,249
250,000	Federal Home Loan Bank	2.38%	10/30/06	AAA	5.40%	250,068
71,000	Federal National Mortgage Corp MT	2.50%	11/28/06	AAA	5.40%	70,339
250,000	Federal Home Loan Bank	2.55%	4/5/07	AAA	5.50%	246,055
270,000	Federal National Mortgage Corp	3.25%	1/15/08	AAA	5.50%	265,271
250,000	Federal Home Loan Bank	3.35%	12/26/08	AAA	5.40%	238,086
50,000	Federal Home Loan Bank	3.50%	1/30/09	AAA	5.40%	48,437
250,000	Federal National Mortgage Corp MT	3.80%	2/17/09	AAA	5.60%	242,564
30,317	Money Market Fund	4.22%	Liquid	Not rated	4.22%	30,317
200,661	Money Market Fund	4.21%	Liquid	Not rated	4.21%	200,661
22,040	Money Market Fund	3.58%	Liquid	Not rated	3.58%	22,040
450,000	Federal National Mortgage Assoc MTN	3.00%	9/14/06	AAA	5.30%	448,621
Average Coupon		<u>3.70%</u>	Average yield-to- maturity		<u>4.95%</u>	

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2006

Note 3 - Capital Assets

Capital assets activity of the primary government's governmental and business-type activities was as follows:

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2006</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 89,802	\$ -	\$ -	\$ 89,802
Construction-in-progress	<u>3,748,688</u>	<u>-</u>	<u>-</u>	<u>3,748,688</u>
Total capital assets, not being depreciated	<u>\$ 3,838,490</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,838,490</u>
Capital assets, being depreciated:				
Infrastructure - roads and sidewalks	\$ 19,543,654	\$ -	\$ -	\$ 19,543,654
Vehicles	15,869	-	-	15,869
Office equipment and furniture	861,524	43,496	-	905,020
Library books and fine arts	678,182	-	-	678,182
Machinery and equipment	2,740,388	214,566	216,147	2,738,807
Land improvements	194,928	160,693	-	355,621
Buildings and improvements	<u>8,873,091</u>	<u>18,223</u>	<u>-</u>	<u>8,891,314</u>
Total at historical cost	<u>\$ 32,907,636</u>	<u>\$ 436,978</u>	<u>\$ 216,147</u>	<u>\$ 33,128,467</u>
Accumulated depreciation:				
Infrastructure - roads and sidewalks	\$ 4,550,529	\$ 302,861	\$ -	\$ 4,853,390
Vehicles	6,172	882	-	7,054
Office equipment and furniture	806,885	(78,028)	-	728,857
Library books and fine arts	637,165	3,022	-	640,187
Machinery and equipment	1,235,248	171,771	183,724	1,223,295
Land improvements	132,319	30,933	-	163,252
Buildings and improvements	<u>2,478,028</u>	<u>216,037</u>	<u>-</u>	<u>2,694,065</u>
Total accumulated depreciation	<u>\$ 9,846,346</u>	<u>\$ 647,478</u>	<u>\$ 183,724</u>	<u>\$ 10,310,100</u>
Total capital assets, being depreciated, net	<u>\$ 23,061,290</u>	<u>\$ (210,500)</u>	<u>\$ 32,423</u>	<u>\$ 22,818,367</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 26,899,780</u>	<u>\$ (210,500)</u>	<u>\$ 32,423</u>	<u>\$ 26,656,857</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2006

Note 3 - Capital Assets - Continued

Depreciation included in the determination of operating income is computed on the straight-line basis over estimated useful lives ranging from 5 years to 60 years. Land is a non-depreciable asset. Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General government	\$ 298,449
Public safety	59,386
Public works	56,125
Library	23,023
Recreation	<u>210,495</u>

Total depreciation expense - governmental activities	<u>\$ 647,478</u>
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The City adjusted accumulated depreciation for the year ended June 30, 2006 to account for several items that were over-depreciated by approximately \$184,000 in prior years.

The City's interest in the George W. Kuhn portion of the Twelve Town Drain System that is owned and operated by several governmental agencies has been reflected under the caption of construction-in-progress in the accompanying financial statements. Liabilities to the County for construction of the sewage disposal facilities are recorded in the government-wide statement of net assets as noncurrent liabilities of the City because related debt service charges are financed largely by property taxes levied instead of by user charges. Accordingly, property and equipment related to County sewer operations are not recorded in the Water Fund rather they are recorded in governmental activities.

The City's interest in the initial Twelve Town Drain System has not been recorded in capital assets due to the immateriality of the net book value of the asset.

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2006</u>
Business-Type Activities:				
Capital assets:				
Buildings and improvements	\$ 7,499	\$ -	\$ -	\$ 7,499
Land	1,000	-	-	1,000
Machinery and equipment	427,467	-	-	427,467
Water and sewer mains	3,354,200	-	-	3,354,200
Water meters	<u>241,351</u>	<u>-</u>	<u>-</u>	<u>241,351</u>
Subtotal	4,031,517	-	-	4,031,517
Accumulated depreciation	<u>1,305,983</u>	<u>101,942</u>	<u>-</u>	<u>1,407,925</u>
Net capital asset	<u>\$ 2,725,534</u>	<u>\$ (101,942)</u>	<u>\$ -</u>	<u>\$ 2,623,592</u>

Depreciation included in the determination of operating income is computed on the straight-line basis over estimated useful lives ranging from 5 years to 60 years. Land is a non-depreciable asset. Depreciation expense at June 30, 2006 amounted to:

Water Fund	\$ 101,942
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City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2006

Note 4 - Long-Term Debt

A summary of changes in long-term debt is as follows:

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u> <u>(Reductions)</u>	<u>Balance</u> <u>June 30, 2006</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>				
Compensatory time Recreation Center	\$ 6,645	\$ (174)	\$ 6,471	\$ -
Improvement Bonds	3,900,000	(250,000)	3,650,000	300,000
Street Improvement Bonds	2,350,000	(150,000)	2,200,000	150,000
Street Improvement Bonds	3,325,000	(125,000)	3,200,000	150,000
George W. Kuhn Drain Bonds 2000-A	492,663	(23,647)	469,016	24,273
George W. Kuhn Drain Bonds 2000-B	186,197	(7,047)	179,150	7,830
George W. Kuhn Drain Bonds 2002-C	2,473,652	(103,356)	2,370,296	105,862
George W. Kuhn Drain Bonds 2002-D	99,284	(3,915)	95,369	3,915
George W. Kuhn Drain Bonds 2002-E	298,167	(10,962)	287,205	10,962
Recreation Center Installment Loan	56,628	(56,628)	-	-
Bus Installment Loan	74,753	(11,452)	63,301	11,857
Street Sweeper Installment Loan	-	91,744	91,744	12,996
Total Governmental Activities	13,262,989	(650,437)	12,612,552	777,695
<u>Business-Type Activities:</u>				
Vactor Installment Loan	27,902	(27,902)	-	-
Vactor Building Installment Loan	187,525	(16,872)	170,653	17,560
Total Business-Type Activities	215,427	(44,774)	170,653	17,560
Total	<u>\$ 13,478,416</u>	<u>\$ (695,211)</u>	<u>\$ 12,783,205</u>	<u>\$ 795,255</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2006

Note 4 - Long-Term Debt - Continued

At June 30, 2006, long-term obligations consisted of:

Governmental Activities:

Compensatory time - Public Safety	\$ 6,471
Recreation Center Improvement Bonds dated July 1, 1998; annual principal payments of \$165,000 to \$550,000, due serially to October 1, 2014; interest rates of 4% to 6% (original issue totaled \$4,915,000)	3,650,000
Street Improvement Bonds dated April 1, 1999; annual principal payments of \$150,000 to \$300,000, due serially to October 1, 2014; interest rates of 4% to 6% (original issue totaled \$3,500,000)	2,200,000
Street Improvement Bonds dated April 1, 2001; annual principal payments of \$75,000 to \$500,000, due beginning October 2003 serially to October 1, 2015; interest rates of 4% to 4.5% (original issue totaled \$3,500,000)	3,200,000
George W. Kuhn Drain Bonds 2000-A dated April 1, 2001; annual principal payments of \$21,000 to \$36,000, due beginning April 2003 serially to April 1, 2022; interest rate at 2.5% (original issue totaled \$560,001). These represent the City's portion of the total bonds issued by Oakland County	469,016
George W. Kuhn Drain Bonds 2000-B dated April 1, 2001; annual principal payments of \$6,200 to \$15,500, due beginning April 2003 serially to April 1, 2022; interest rate at 2.5% (original issue totaled \$205,772). These represent the City's portion of the total bonds issued by Oakland County	179,150
George W. Kuhn Drain Bonds 2002-C dated April 1, 2002; annual principal payments of \$100,850 to \$161,142, due beginning April 2005 serially to April 1, 2024; interest rate at 2.5% (original issue totaled \$2,574,502). These represent the City's portion of the total bonds issued by Oakland County	<u>2,370,296</u>
Total this page	12,074,933

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2006

Note 4 - Long-Term Debt - Continued

Governmental Activities - Continued:

Total - from previous page	\$ 12,074,933
George W. Kuhn Drain Bonds 2002-D dated April 1, 2002; annual principal payments of \$3,915 to \$6,264, due beginning April 2005 serially to April 1, 2024; interest rate at 2.5% (original issue totaled \$99,284). These represent the City's portion of the total bonds issued by Oakland County	95,369
George W. Kuhn Drain Bonds 2002-E dated April 1, 2002; annual principal payments of \$10,962 to \$22,551, due beginning April 2005 serially to April 1, 2024; interest rates of 4% to 5.25% (original issue totaled \$309,129). These represent the City's portion of the total bonds issued by Oakland County	287,205
Bus Installment Loan dated August 26, 2004; semi-annual principal and interest payments of \$6,896, due April and October to April 1, 2011; interest rate at 3.21%	63,301
Street Sweeper Installment Loan dated September 29, 2005; semi-annual principal and interest payments of \$7,812, due March and September to September 29, 2012; interest rate at 2.97%	91,744

Business-Type Activities:

Vactor Building Installment Loan dated November 10, 2004; semi-annual principal and interest payments of \$11,680, due April and October to October 1, 2014; interest rate at 3.49%	<u>170,653</u>
Total long-term debt	<u>\$ 12,783,205</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2006

Note 4 - Long-Term Debt - Continued

The following is a summary of annual debt service requirements to maturity for the above bonds, followed by the detailed bond payments:

Governmental Activities					
	Principal	Interest	Total		
2007	\$ 752,842	\$ 463,168	\$ 1,216,010		
2008	806,914	429,629	1,236,543		
2009	936,141	395,289	1,331,430		
2010	990,370	358,245	1,348,615		
2011	1,119,912	317,459	1,437,371		
2012-2016	6,396,467	866,751	7,263,218		
2017-2021	836,400	157,996	994,396		
2022-2025	611,990	33,966	645,956		
	<u>\$ 12,451,036</u>	<u>\$ 3,022,503</u>	<u>\$ 15,473,539</u>		

Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	Principal Payments	Interest Payable
Recreation Center Improvement Bonds					
7/1/98	\$ 4,915,000	6.00%	10/1/06	\$ 300,000	\$ 145,100
		4.70	10/1/07	300,000	129,050
		4.00	10/1/08	350,000	115,000
		4.00	10/1/09	350,000	101,000
		4.00	10/1/10	400,000	86,000
		4.00	10/1/11	450,000	69,000
		4.00	10/1/12	450,000	51,000
		4.00	10/1/13	500,000	32,000
		4.00	10/1/14	550,000	11,000
				<u>\$ 3,650,000</u>	<u>\$ 739,150</u>

Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	Principal Payments	Interest Payable
Street Improvement Bonds					
4/1/99	\$ 3,500,000	4.00%	10/1/06	\$ 150,000	\$ 85,000
		4.00	10/1/07	200,000	78,000
		4.00	10/1/08	225,000	69,500
		4.00	10/1/09	225,000	60,500
		4.00	10/1/10	250,000	51,000
		4.00	10/1/11	250,000	41,000
		4.00	10/1/12	300,000	30,000
		4.00	10/1/13	300,000	18,000
		4.00	10/1/14	300,000	6,000
				<u>\$ 2,200,000</u>	<u>\$ 439,000</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2006

Note 4 - Long-Term Debt - Continued

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
Street Improvement Bonds					
4/1/01	\$ 3,500,000	4.125%	10/1/06	\$ 150,000	\$ 136,194
		4.250	10/1/07	150,000	129,913
		4.250	10/1/08	200,000	122,475
		4.250	10/1/09	250,000	112,913
		4.250	10/1/10	300,000	101,225
		4.250	10/1/11	300,000	88,475
		4.350	10/1/12	350,000	74,488
		4.500	10/1/13	500,000	55,625
		4.500	10/1/14	500,000	33,125
		4.375	10/1/15	<u>500,000</u>	<u>10,938</u>
				<u>\$ 3,200,000</u>	<u>\$ 865,371</u>

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
George W. Kuhn Drain Bonds 2000-A					
4/1/01	\$ 560,001	2.5%	4/1/2007	\$ 24,273	\$ 11,726
		2.5	4/1/2008	24,743	11,118
		2.5	4/1/2009	25,369	10,500
		2.5	4/1/2010	25,996	9,866
		2.5	4/1/2011	26,779	9,216
		2.5	4/1/2012	27,405	8,546
		2.5	4/1/2013	28,031	7,862
		2.5	4/1/2014	28,814	7,160
		2.5	4/1/2015	29,441	6,440
		2.5	4/1/2016	30,224	5,704
		2.5	4/1/2017	31,007	4,948
		2.5	4/1/2018	31,790	4,174
		2.5	4/1/2019	32,573	3,378
		2.5	4/1/2020	33,356	2,564
		2.5	4/1/2021	34,139	1,730
		2.5	4/1/2022	<u>35,076</u>	<u>876</u>
				<u>\$ 469,016</u>	<u>\$ 105,808</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2006

Note 4 - Long-Term Debt - Continued

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
George W. Kuhn Drain Bonds 2000-B					
4/1/01	\$ 205,772	4.7500%	4/1/2007	\$ 7,830	\$ 9,302
		5.0000	4/1/2008	7,830	8,930
		5.0000	4/1/2009	8,613	8,538
		5.0000	4/1/2010	8,613	8,106
		5.0000	4/1/2011	9,396	7,676
		5.0000	4/1/2012	9,396	7,206
		5.0000	4/1/2013	10,179	6,736
		5.1000	4/1/2014	10,962	6,228
		5.2000	4/1/2015	10,962	5,668
		5.2500	4/1/2016	11,745	5,098
		5.3000	4/1/2017	12,528	4,482
		5.3500	4/1/2018	13,311	3,818
		5.3750	4/1/2019	13,311	3,106
		5.3750	4/1/2020	14,094	2,390
		5.3750	4/1/2021	14,877	1,632
		5.3750	4/1/2022	15,503	834
				<u>\$ 179,150</u>	<u>\$ 89,750</u>

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
George W. Kuhn Drain Bonds 2002-C					
4/1/02	\$ 2,574,502	2.5%	4/1/2007	\$ 105,862	\$ 59,258
		2.5	4/1/2008	108,524	56,610
		2.5	4/1/2009	111,186	53,898
		2.5	4/1/2010	114,005	51,118
		2.5	4/1/2011	116,824	48,268
		2.5	4/1/2012	119,799	45,348
		2.5	4/1/2013	122,774	42,352
		2.5	4/1/2014	125,906	39,284
		2.5	4/1/2015	129,038	36,136
		2.5	4/1/2016	132,327	32,910
		2.5	4/1/2017	135,615	29,602
		2.5	4/1/2018	138,904	26,210
		2.5	4/1/2019	142,349	22,738
		2.5	4/1/2020	145,951	19,180
		2.5	4/1/2021	149,553	15,530
		2.5	4/1/2022	153,311	11,792
		2.5	4/1/2023	157,226	7,960
		2.5	4/1/2024	161,142	4,028
				<u>\$ 2,370,296</u>	<u>\$ 602,222</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2006

Note 4 - Long-Term Debt - Continued

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
George W. Kuhn Drain Bonds 2002-D					
4/1/02	\$ 99,284	2.5%	4/1/2007	\$ 3,915	\$ 2,384
		2.5	4/1/2008	4,072	2,286
		2.5	4/1/2009	4,228	2,184
		2.5	4/1/2010	4,228	2,078
		2.5	4/1/2011	4,385	1,974
		2.5	4/1/2012	4,541	1,864
		2.5	4/1/2013	4,541	1,750
		2.5	4/1/2014	4,698	1,636
		2.5	4/1/2015	4,855	1,520
		2.5	4/1/2016	5,011	1,398
		2.5	4/1/2017	5,168	1,272
		2.5	4/1/2018	5,168	1,144
		2.5	4/1/2019	5,324	1,014
		2.5	4/1/2020	5,481	880
		2.5	4/1/2021	5,638	744
		2.5	4/1/2022	5,794	602
		2.5	4/1/2023	5,951	458
		2.5	4/1/2024	6,107	310
		2.5	4/1/2025	6,264	156
				<u>\$ 95,369</u>	<u>\$ 25,654</u>

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
George W. Kuhn Drain Bonds 2002-E					
4/1/02	\$ 309,129	4.40%	4/1/2007	\$ 10,962	\$ 14,204
		4.50	4/1/2008	11,745	13,722
		4.50	4/1/2009	11,745	13,194
		4.50	4/1/2010	12,528	12,664
		4.50	4/1/2011	12,528	12,100
		4.60	4/1/2012	13,311	11,538
		4.70	4/1/2013	14,094	10,924
		4.80	4/1/2014	14,094	10,262
		4.90	4/1/2015	14,877	9,586
		5.00	4/1/2016	15,660	8,856
		5.10	4/1/2017	16,443	8,074
		5.10	4/1/2018	17,226	7,236
		5.15	4/1/2019	18,009	6,356
		5.20	4/1/2020	18,792	5,430
		5.20	4/1/2021	19,575	4,452
		5.20	4/1/2022	21,141	3,434
		5.25	4/1/2023	21,924	2,334
		5.25	4/1/2024	22,551	1,182
				<u>\$ 287,205</u>	<u>\$ 155,548</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2006

Note 5 - Defined Benefit Pension Plan

Plan Description

The City participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers virtually all of the full-time employees of the City. The MERS provides retirement, death and disability benefits to employees that were employed by the City prior to July 1, 1998. Public Act 220 of 1996 assigns the authority to establish and amend the benefit provisions of the MERS plan document. The MERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the MERS at 7150 Harris Drive, P.O. Box 30171, Lansing, Michigan 48909-7671 or by calling (989) 322-5103.

Funding Policy

The City is required to contribute at an actuarial determined rate: the current rate is between 0.00% and 39.63% of covered payroll for individual employee groups. A retirement contribution rate of 5% of payroll is required by all full time employees and has been negotiated into all union employee contracts with the exception of the Public Safety Officers (PSO) union, which began contributions on July 1, 2002. The current contribution rate is 5% for this group. The rates are established by the City through collective bargaining and may be changed or amended by the MERS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2006, the City's annual pension cost of \$518,124 was equal to the required and actual contribution. The annual required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age normal actuarial cost method. Significant actuarial assumptions used included: (a) an 8.0% investment rate of return, (b) projected salary increases of 4.50%, plus a percentage based upon an age related scale to reflect merit, longevity and promotional salary increases of between 0.00% and 8.40%, and (c) the assumption that benefits will not increase after retirement.

The actuarial value of assets is determined on the basis of a method that calculates expected income at the valuation rate of return and adds a portion of the difference between the expected investment income and the actual investment income earned on a market value basis. The difference in investment income between expected return and market return is recognized over a 5-year period at a rate of 20% a year. This asset valuation method was first adopted for the December 31, 2003 valuation and is applied in the present valuation period.

In calculating the annual required contribution for reporting and disclosure purposes, the following amortization methods are used:

For divisions that are closed to new hires and less than 100% funded, a 30-year level dollar amortization is used.

For all other divisions, a level percentage of payroll amortization is used, based on the assumption that payroll increases 4.5% per year. The standard amortization period is 30 years for positive unfunded liabilities. This period will be reduced by one year in each annual valuation. The standard amortization period for negative unfunded liabilities is 10 years, with the 10-year period re-established with each annual actuarial valuation.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2006

Note 5 - Defined Benefit Pension Plan - Continued

Five Year Trend Information for MERS

<u>Fiscal Year Ended</u>	<u>Annual Pension Costs (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Unfunded Annual Contribution</u>
6/30/02	\$ 309,867	100%	\$ -
6/30/03	366,024	100%	-
6/30/04	462,108	100%	-
6/30/05	476,580	100%	-
6/30/06	518,124	100%	-

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liabilities (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a)/c)</u>
12/31/01	\$ 10,893,582	\$ 15,446,029	\$ 4,552,447	71%	\$ 1,916,348	238%
12/31/02	10,562,124	16,352,580	5,790,456	65%	1,859,165	311%
12/31/03	10,662,961	16,858,593	6,195,632	63%	2,008,652	308%
12/31/04	10,742,562	17,215,559	6,472,997	62%	1,993,108	325%
12/31/05	10,994,105	17,829,987	6,835,882	62%	2,344,342	292%

Note 6 - Defined Contribution Plan

The City offers a defined contribution plan where the contribution rate for the City is between 8% and 10% of gross payroll. This contribution rate is established by contractual agreement and Commission resolution, and may be changed from time-to-time. Under the terms of the plan the employee may contribute to the plan on a voluntary basis. The decision to contribute on the part of the employee may effect the contribution provided by the City. Plan documentation and regulations have been filed with the MMERS Board of Trustees and the International City Management Association (ICMA) which administers the plan. The City's annual employer contribution amounted to \$71,467 for the fiscal year ended June 30, 2006.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2006

Note 7 - Changes in General Fund Reserves and Net Assets/Fund Balance

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2006</u>
Designated				
Property tax refund reserve	\$ 103,368	\$ -	\$ 30,174	\$ 73,194
Undesignated	<u>539,149</u>	<u>-</u>	<u>133,879</u>	<u>405,270</u>
Totals	<u>\$ 642,517</u>	<u>\$ -</u>	<u>\$ 164,053</u>	<u>\$ 478,464</u>

Note 8 - Capital Planning Fund Reserves

The Capital Planning Fund has reserved fund balances as follows:

Reserved Parks and Recreation	\$ 100,165
Reserved Interstate 696	31,350

The City operates thirteen acres of park land to which no revenues are received. \$100,165 has been reserved for projects relating to the parks and recreation master plan.

Contract documents with the State of Michigan indicate the entire maintenance of the perimeter wall and berm area of Interstate 696 are the City's responsibility to maintain, therefore, the City has reserved \$31,350 for maintenance of this area.

Note 9 - Interfund Transfers

	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
General Fund	\$ 140,654	\$ 1,287,240
Major Street Fund	-	35,000
Local Street Fund	160,000	-
Capital Planning Fund	219,371	-
Sanitation Fund	-	25,210
Recreation Fund	501,889	-
Capital Projects Fund	3,000	-
Water Fund	-	116,444
Retirement Benefit Fund	434,500	2,000
Health Insurance Fund	<u>6,480</u>	<u>-</u>
Total	<u>\$ 1,465,894</u>	<u>\$ 1,465,894</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2006

Note 10 - Post-Retirement Benefits

The City has an obligation to cover all former full-time retired employees for hospitalization insurance and pay their premium as long as they collect a pension. The City has historically paid this obligation on a pay-as-you-go basis. This expense amounted to \$409,416 for the fiscal year ended June 30, 2006 and covers 31 retired employees. The City has reserved \$112,762 in the post-retirement benefits fund as of June 30, 2006.

Note 11 - Federal Funding

The City received Federal funds through the Oakland County Community Development Block Grant Program. The City of Huntington Woods, Michigan received \$17,350 in grant allocations in fiscal year 2005-2006.

Note 12 - Risk Management

The City has entered into a joint powers agreement with other Michigan units of government for its general liability, property damage insurance including auto and public officials' liability, contractors equipment and workers' compensation. The City's maximum deductibles are as follows: property \$250, liability \$0-, and property and crime \$250. Under the regulations of the state pool there is no yearly stop loss limit provided. The City does maintain a Loss Reserve Fund Balance in escrow with the Michigan Municipal Risk Management Association of \$303,474 as of June 30, 2006. The dissemination of these dollars rests with the City Commission.

The City accounts for transactions related to these risks in accordance with GASB No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", which states that a liability for claims must be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss that can be reasonably estimated.

No settlements have exceeded insurance coverage during the last three years. The City has made no significant reductions in insurance coverage during the year. The City has received no indication that any significant losses exist at June 30, 2006, and thus no liability has been recorded.

Required Supplemental Information

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance - July 1, 2005	\$ 642,517	\$ 642,517	\$ 642,517	\$ -
Resources (Inflows)				
Property taxes	4,097,685	4,132,685	4,069,489	(63,196)
Licenses and permits	288,500	339,000	340,215	1,215
Intergovernmental	616,213	616,213	601,144	(15,069)
Charges for services	80,000	80,000	90,598	10,598
Fines and forfeits	207,000	239,800	250,160	10,360
Interest income	-	29,000	88,859	59,859
Transfers - in	178,854	178,854	140,654	(38,200)
Other	83,000	83,000	213,419	130,419
Amounts available for appropriation	5,551,252	5,698,552	5,794,538	95,986
Charges to Appropriations (Outflows)				
General government	1,053,317	1,053,317	1,082,652	(29,335)
Public safety	1,653,146	1,653,146	1,623,066	30,080
Public works	231,162	231,162	208,616	22,546
Library	428,687	442,687	429,309	13,378
Employee benefits	1,454,102	1,469,102	1,327,708	141,394
Transfers - out	1,287,240	1,139,740	1,287,240	(147,500)
Total charges to appropriations	6,107,654	5,989,154	5,958,591	30,563
Budgetary Fund Balance - June 30, 2006	<u>\$ 86,115</u>	<u>\$ 351,915</u>	<u>\$ 478,464</u>	<u>\$ 126,549</u>

See accompanying note to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - SANITATION FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance - July 1, 2005	\$ 72,449	\$ 72,449	\$ 72,449	\$ -
Resources (Inflows)				
Property taxes	504,089	504,089	503,398	(691)
Other	1,600	9,500	9,505	5
Interest income	7,500	7,500	7,623	123
Amounts available for appropriation	513,189	521,089	520,526	(563)
Charges to Appropriations (Outflows)				
Administrative	77,571	77,571	76,367	1,204
Employee benefits	21,750	21,750	21,750	-
Professional services	408,260	418,260	425,197	(6,937)
Transfers - out	25,210	25,210	25,210	-
Total charges to appropriations	532,791	542,791	548,524	(5,733)
Budgetary Fund Balance - June 30, 2006	<u>\$ 52,847</u>	<u>\$ 50,747</u>	<u>\$ 44,451</u>	<u>\$ (6,296)</u>

See accompanying note to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance - July 1, 2005	\$ 77,275	\$ 77,275	\$ 77,275	\$ -
Resources (Inflows)				
Property taxes	62,002	62,002	61,580	(422)
Aquatic Club charges	180,000	180,000	186,133	6,133
Program fees	780,000	834,900	811,148	(23,752)
Interest income	1,500	1,500	102	(1,398)
Other	500	500	10,386	9,886
Transfers - in	501,889	501,889	501,889	-
Amounts available for appropriation	1,525,891	1,580,791	1,571,238	(9,553)
Charges to Appropriations (Outflows)				
Bus	46,245	55,545	55,367	178
Recreation	462,482	462,482	462,235	247
Programs	868,886	914,486	873,343	41,143
Pool	168,290	168,290	182,307	(14,017)
Total charges to appropriations	1,545,903	1,600,803	1,573,252	27,551
Budgetary Fund Balance - June 30, 2006	<u>\$ 57,263</u>	<u>\$ 57,263</u>	<u>\$ 75,261</u>	<u>\$ 17,998</u>

See accompanying note to financial statements

City of Huntington Woods, Michigan
Notes to Required Supplemental Information
June 30, 2006

Note 1 - Compliance and Accountability

Budgetary Information - An annual budget is adopted on a basis consistent with the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units, except that fund balance appropriations and transfers are budgeted as either revenue or expenditures to balance the budget. All annual appropriations lapse at the end of each fiscal year.

The annual budget is prepared based upon the chart of accounts prescribed by the P.A. 2 of 1968 and as amended and P.A. 621 of 1978 the Uniform Budgeting and Accounting Act. The City budget, including all non-agency funds is adopted by the City Commission as required by City Charter and amended ordinances. The line-item budget is adopted by category and amended as such.

The City Manager and/or Finance Director is authorized to create new appropriation centers or activities as necessary and disclose any changes to the City Commission through monthly transmittals. Changes that will require additional appropriations from fund balance or a change in the overall appropriation as originally adopted, will require a resolution of the City Commission.

Transfers of any nature from the contingency account as set aside under the original budget adoption must be brought to the City Commission for approval.

Budgeted amounts of the revenues and expenditures presented in this document are a summarization of the budgeted amounts as originally adopted or amended by the City Commission. Individual amendments are not shown, as they were not material in relation to the original appropriations resolved by the City.

Excess expenditures over those appropriations that were adopted by the City Commission are shown and detailed in the budget compliance section (Note 1) of this report.

Other Supplemental Information

CITY OF HUNTINGTON WOODS, MICHIGAN
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

ASSETS

	Nonmajor Special Revenue Funds			Nonmajor Debt Service Funds			Capital Projects	Total Nonmajor Governmental Funds
	Major Street Fund	Local Street Fund	Capital Planning Fund	Debt Service Fund	Street Debt Service Fund	GWK Drain Debt Fund		
Cash and cash equivalents	\$ 17,867	\$ 4,238	\$ 3,525	\$ 8,087	\$ 5,504	\$ 16,377	\$ 3,748	\$ 59,346
Investments	209,333	29,705	160,000	106,320	61,000	217,584	6,215	790,157
Accounts receivable	41,534	17,095	-	3,670	4,373	1,986	-	68,658
Due from other funds	-	-	-	-	-	-	3,000	3,000
Total assets	<u>\$ 268,734</u>	<u>\$ 51,038</u>	<u>\$ 163,525</u>	<u>\$ 118,077</u>	<u>\$ 70,877</u>	<u>\$ 235,947</u>	<u>\$ 12,963</u>	<u>\$ 921,161</u>

LIABILITIES AND FUND BALANCES

Liabilities								
Accounts payable	\$ 2,032	\$ 2,845	\$ 5,013	\$ 138	\$ -	\$ -	\$ 11,984	\$ 22,012
Accrued payroll and withholdings	1,584	2,468	-	-	-	-	-	4,052
Total liabilities	3,616	5,313	5,013	138	-	-	11,984	26,064
Fund Balances								
Reserved for Special assessment debt	4,500	-	131,515	-	-	-	-	136,015
Unreserved Designated	-	-	-	-	-	-	979	979
Undesignated	260,618	45,725	26,997	117,939	70,877	235,947	-	758,103
Total fund balances	265,118	45,725	158,512	117,939	70,877	235,947	979	895,097
Total liabilities and fund balances	<u>\$ 268,734</u>	<u>\$ 51,038</u>	<u>\$ 163,525</u>	<u>\$ 118,077</u>	<u>\$ 70,877</u>	<u>\$ 235,947</u>	<u>\$ 12,963</u>	<u>\$ 921,161</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Nonmajor Special Revenue Funds			Nonmajor Debt Service Funds				Total Nonmajor Governmental Funds
	Major Street Fund	Local Street Fund	Capital Planning Fund	Debt Service Fund	Street Debt Service Fund	GWK Drain Debt Fund	Capital Projects	
Revenues								
Property taxes and special assessments	\$ -	\$ -	\$ -	\$ 419,281	\$ 501,984	\$ 227,444	\$ -	\$ 1,148,709
Intergovernmental	251,536	123,669	-	-	-	-	-	375,205
Interest	6,010	3,854	3,277	5,041	4,456	7,502	1,446	31,586
Other	16,684	2,131	4,000	-	-	34,807	-	57,622
Total revenues	274,230	129,654	7,277	424,322	506,440	269,753	1,446	1,613,122
Expenditures								
Current								
Maintenance	147,907	260,622	-	-	-	-	-	408,529
Traffic services	26,577	6,731	-	-	-	-	-	33,308
Snow and ice removal	26,734	17,232	-	-	-	-	-	43,966
Administrative	26,412	11,236	-	-	-	-	542	38,190
Capital outlay	-	-	118,207	-	-	-	58,949	177,156
Debt service								
Principal	-	-	56,628	250,000	275,000	148,926	-	730,554
Interest and other charges	-	-	2,168	162,088	233,278	98,452	-	495,986
Total expenditures	227,630	295,821	177,003	412,088	508,278	247,378	59,491	1,927,689
Excess of Revenues Over (Under) Expenditures	46,600	(166,167)	(169,726)	12,234	(1,838)	22,375	(58,045)	(314,567)
Other Financing Sources (Uses)								
Transfers - in	-	160,000	219,371	-	-	-	3,000	382,371
Transfers - out	(35,000)	-	-	-	-	-	-	(35,000)
Total other financing sources (uses)	(35,000)	160,000	219,371	-	-	-	3,000	347,371
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	11,600	(6,167)	49,645	12,234	(1,838)	22,375	(55,045)	32,804
Fund Balances - July 1, 2005	253,518	51,892	108,867	105,705	72,715	213,572	56,024	862,293
Fund Balances - June 30, 2006	\$ 265,118	\$ 45,725	\$ 158,512	\$ 117,939	\$ 70,877	\$ 235,947	\$ 979	\$ 895,097

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - MAJOR STREET FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary Fund Balance - July 1, 2005	\$ 253,518	\$ 253,518	\$ 253,518	\$ -
Resources (Inflows)				
Intergovernmental	276,144	276,144	251,536	(24,608)
Other	16,500	16,500	16,684	184
Interest income	4,000	4,000	6,010	2,010
Amounts available for appropriation	296,644	296,644	274,230	(22,414)
Charges to Appropriations (Outflows)				
Maintenance	154,115	154,115	147,907	6,208
Traffic services	11,779	11,779	26,577	(14,798)
Snow and ice removal	44,615	44,615	26,734	17,881
Administrative	35,302	35,302	26,412	8,890
Transfers - out	25,000	35,000	35,000	-
Total charges to appropriations	270,811	280,811	262,630	18,181
Budgetary Fund Balance - June 30, 2006	<u>\$ 279,351</u>	<u>\$ 269,351</u>	<u>\$ 265,118</u>	<u>\$ (4,233)</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - LOCAL STREET FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary Fund Balance - July 1, 2005	\$ 51,892	\$ 51,892	\$ 51,892	\$ -
Resources (Inflows)				
Intergovernmental	114,130	114,130	123,669	9,539
Other	25,000	35,000	2,131	(32,869)
Interest income	30,000	30,000	3,854	(26,146)
Transfers - in	153,100	153,100	160,000	6,900
Amounts available for appropriation	322,230	332,230	289,654	(42,576)
Charges to Appropriations (Outflows)				
Maintenance	235,298	235,298	260,622	(25,324)
Traffic services	7,949	7,949	6,731	1,218
Snow and ice removal	26,536	26,536	17,232	9,304
Administrative	52,356	52,356	11,236	41,120
Total charges to appropriations	322,139	322,139	295,821	26,318
Budgetary Fund Balance - June 30, 2006	<u>\$ 51,983</u>	<u>\$ 61,983</u>	<u>\$ 45,725</u>	<u>\$ (16,258)</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - CAPITAL PLANNING FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary Fund Balance - July 1, 2005	\$ 108,867	\$ 108,867	\$ 108,867	\$ -
Resources (Inflows)				
Other	19,000	23,000	4,000	(19,000)
Interest income	2,500	2,500	3,277	777
Transfers - in	219,371	219,371	219,371	-
Amounts available for appropriation	240,871	244,871	226,648	(18,223)
Charges to Appropriations (Outflows)				
Capital outlay	118,525	93,525	118,207	(24,682)
Debt service - principal	56,628	56,628	56,628	-
Interest	2,168	2,168	2,168	-
Total charges to appropriations	177,321	152,321	177,003	(24,682)
Budgetary Fund Balance - June 30, 2006	<u>\$ 172,417</u>	<u>\$ 201,417</u>	<u>\$ 158,512</u>	<u>\$ (42,905)</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary Fund Balance - July 1, 2005	\$ 105,705	\$ 105,705	\$ 105,705	\$ -
Resources (Inflows)				
Property taxes	421,950	421,950	419,281	(2,669)
Interest income	5,000	5,000	5,041	41
	<u>426,950</u>	<u>426,950</u>	<u>424,322</u>	<u>(2,628)</u>
Amounts available for appropriation	426,950	426,950	424,322	(2,628)
Charges to Appropriations (Outflows)				
Debt service - principal	250,000	250,000	250,000	-
Debt service - interest	161,950	161,950	162,088	(138)
	<u>411,950</u>	<u>411,950</u>	<u>412,088</u>	<u>(138)</u>
Total charges to appropriations	411,950	411,950	412,088	(138)
Budgetary Fund Balance - June 30, 2006	<u>\$ 120,705</u>	<u>\$ 120,705</u>	<u>\$ 117,939</u>	<u>\$ (2,766)</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - STREET DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary Fund Balance - July 1, 2005	\$ 72,715	\$ 72,715	\$ 72,715	\$ -
Resources (Inflows)				
Property taxes	502,716	502,716	501,984	(732)
Interest income	<u>5,500</u>	<u>5,500</u>	<u>4,456</u>	<u>(1,044)</u>
Amounts available for appropriation	508,216	508,216	506,440	(1,776)
Charges to Appropriations (Outflows)				
Debt service - principal	275,000	275,000	275,000	-
Debt service - interest	<u>233,216</u>	<u>233,216</u>	<u>233,278</u>	<u>(62)</u>
Total charges to appropriations	<u>508,216</u>	<u>508,216</u>	<u>508,278</u>	<u>(62)</u>
Budgetary Fund Balance - June 30, 2006	<u>\$ 72,715</u>	<u>\$ 72,715</u>	<u>\$ 70,877</u>	<u>\$ (1,838)</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - GWK DRAIN DEBT FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance - July 1, 2005	\$ 213,572	\$ 213,572	\$ 213,572	\$ -
Resources (Inflows)				
Property taxes	228,300	228,300	227,444	(856)
Other	34,808	34,808	34,807	(1)
Interest income	4,500	4,500	7,502	3,002
Amounts available for appropriation	267,608	267,608	269,753	2,145
Charges to Appropriations (Outflows)				
Debt service - principal	148,927	148,927	148,926	1
Debt service - interest	101,181	101,181	98,452	2,729
Total charges to appropriations	250,108	250,108	247,378	2,730
Budgetary Fund Balance - June 30, 2006	<u>\$ 231,072</u>	<u>\$ 231,072</u>	<u>\$ 235,947</u>	<u>\$ 4,875</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS
JUNE 30, 2006

	Equipment Fund	Retirement Benefits Fund	Health Insurance Fund	Total
Assets				
Current Assets				
Cash and certificates of deposit	\$ 13,076	\$ 67,918	\$ 43,196	\$ 124,190
Investments - at fair value	246,300	548,000	-	794,300
Prepaid expenses	-	21,028	-	21,028
Due from other funds	-	147,500	-	147,500
Total current assets	259,376	784,446	43,196	1,087,018
Property, Plant and Equipment	1,883,609	-	-	1,883,609
Less accumulated depreciation	856,493	-	-	856,493
Undepreciated cost	1,027,116	-	-	1,027,116
Total assets	<u>\$ 1,286,492</u>	<u>\$ 784,446</u>	<u>\$ 43,196</u>	<u>\$ 2,114,134</u>
Liabilities				
Accounts payable	\$ 1,997	\$ 11,928	\$ -	\$ 13,925
Due to employees	-	659,600	-	659,600
Accrued liabilities	753	156	-	909
Noncurrent liabilities				
Due within one year	24,853	-	-	24,853
Due in more than one year	130,192	-	-	130,192
Total liabilities	157,795	671,684	-	829,479
Net Assets				
Invested in capital assets, net of related debt	872,071	-	-	872,071
Net Assets				
Restricted	180,000	-	-	180,000
Unrestricted	76,626	112,762	43,196	232,584
Total net assets	1,128,697	112,762	43,196	1,284,655
Total liabilities and net assets	<u>\$ 1,286,492</u>	<u>\$ 784,446</u>	<u>\$ 43,196</u>	<u>\$ 2,114,134</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS -
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Equipment Fund</u>	<u>Retirement Benefits Fund</u>	<u>Health Insurance Fund</u>	<u>Total</u>
Operating Revenues				
Charges for services	\$ 202,660	\$ -	\$ -	\$ 202,660
Other	28,336	-	-	28,336
	<u>230,996</u>	<u>-</u>	<u>-</u>	<u>230,996</u>
Operating Expenses				
Depreciation	153,145	-	-	153,145
Other	146,651	409,416	-	556,067
	<u>299,796</u>	<u>409,416</u>	<u>-</u>	<u>709,212</u>
Operating loss	(68,800)	(409,416)	-	(478,216)
Nonoperating Revenues				
Interest on investments	6,856	16,188	1,012	24,056
Transfers - In (Net)	<u>-</u>	<u>432,500</u>	<u>6,480</u>	<u>438,980</u>
Net income (loss)	(61,944)	39,272	7,492	(15,180)
Net Assets - July 1, 2005	<u>1,190,641</u>	<u>73,490</u>	<u>35,704</u>	<u>1,299,835</u>
Net Assets - June 30, 2006	<u>\$ 1,128,697</u>	<u>\$ 112,762</u>	<u>\$ 43,196</u>	<u>\$ 1,284,655</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Equipment Fund</u>	<u>Retirement Benefits Fund</u>	<u>Health Insurance Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:				
Receipts from customers	\$ 230,996	\$ -	\$ -	\$ 230,996
Payments to suppliers for goods and services	(225,633)	-	-	(225,633)
Payments to employees for services	(35,630)	(415,426)	-	(451,056)
Net cash used in operating activities	(30,267)	(415,426)	-	(445,693)
Cash Flows From Noncapital Financing Activities:				
Interfund transfers	-	432,500	6,480	438,980
Cash Flows From Capital and Related Financing Activities:				
Acquisition of property, plant and equipment	(193,504)	-	-	(193,504)
Proceeds from sale of fixed assets	41,567	-	-	41,567
Proceeds from long-term debt	98,100	-	-	98,100
Payments of long-term debt	(17,808)	-	-	(17,808)
Bank overdraft	(191,981)	-	-	(191,981)
Net cash used in capital and related financing activities	(263,626)	-	-	(263,626)
Cash Flows From Investing Activities:				
Interest received	6,856	16,188	1,012	24,056
Net Increase (Decrease) in Cash and Cash Equivalents	(287,037)	33,262	7,492	(246,283)
Cash and Cash Equivalents - July 1, 2005	546,413	582,656	35,704	1,164,773
Cash and Cash Equivalents - June 30, 2006	<u>\$ 259,376</u>	<u>\$ 615,918</u>	<u>\$ 43,196</u>	<u>\$ 918,490</u>
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	\$ (68,800)	\$ (409,416)	\$ -	\$ (478,216)
Depreciation	153,145	-	-	153,145
Gain on sale of fixed assets	(9,144)	-	-	(9,144)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Decrease in accounts receivable	10,253	378	-	10,631
Increase in prepaid expenses	-	(1,065)	-	(1,065)
Increase in due from other funds	-	(97,500)	-	(97,500)
Increase (decrease) in accounts payable	(105,614)	8,921	-	(96,693)
Increase (decrease) in other liabilities	(10,107)	83,256	-	73,149
Total adjustments	(105,468)	(6,010)	-	(111,478)
Net cash used in operating activities	<u>\$ (30,267)</u>	<u>\$ (415,426)</u>	<u>\$ -</u>	<u>\$ (445,693)</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
STATEMENT OF NET ASSETS - FIDUCIARY FUND
JUNE 30, 2006

	<u>Agency Fund</u>
Assets	
Cash and cash equivalents	\$ 994
Investments	500,000
Receivable	<u>20,763</u>
Total assets	<u><u>\$ 521,757</u></u>
 Liabilities	
Accounts payable	\$ 3,292
Accrued and other liabilities	234,893
Performance deposits	<u>283,572</u>
Total liabilities	<u><u>\$ 521,757</u></u>

CITY OF HUNTINGTON WOODS, MICHIGAN
STATEMENT OF CHANGES IN NET ASSETS - AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2006</u>
Assets				
Cash and cash equivalents	\$ 86,883	\$ 649,091	\$ 734,980	\$ 994
Investments	410,000	90,000	-	500,000
Receivable	37,132	20,763	37,132	20,763
Total assets	<u>\$ 534,015</u>	<u>\$ 759,854</u>	<u>\$ 772,112</u>	<u>\$ 521,757</u>
Liabilities				
Accounts payable	\$ 23,880	\$ 371,669	\$ 392,257	\$ 3,292
Accrued and other liabilities	274,409	417,988	457,504	234,893
Performance deposits	235,726	339,262	291,416	283,572
Total liabilities	<u>\$ 534,015</u>	<u>\$ 1,128,919</u>	<u>\$ 1,141,177</u>	<u>\$ 521,757</u>

Statistical Section

CITY OF HUNTINGTON WOODS, MICHIGAN
NET ASSETS BY COMPONENT
LAST FOUR FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Investment in capital assets, net of related debt	\$ 9,747,600	\$ 13,355,636	\$ 13,718,189	\$ 14,050,776
Restricted	136,015	136,015	136,015	136,015
Unrestricted	<u>2,555,351</u>	<u>2,171,361</u>	<u>1,792,529</u>	<u>1,763,371</u>
Total governmental activities net assets	<u>\$ 12,438,966</u>	<u>\$ 15,663,012</u>	<u>\$ 15,646,733</u>	<u>\$ 15,950,162</u>
Business-type activities				
Investment in capital assets, net of related debt	\$ 2,827,091	\$ 2,771,663	\$ 2,510,107	\$ 2,452,939
Unrestricted	<u>1,469,207</u>	<u>1,446,537</u>	<u>1,641,358</u>	<u>1,845,062</u>
Total business-type activities net assets	<u>\$ 4,296,298</u>	<u>\$ 4,218,200</u>	<u>\$ 4,151,465</u>	<u>\$ 4,298,001</u>
Primary government				
Investment in capital assets, net of related debt	\$ 12,574,691	\$ 16,127,299	\$ 16,228,296	\$ 16,503,715
Restricted	136,015	136,015	136,015	136,015
Unrestricted	<u>4,024,558</u>	<u>3,617,898</u>	<u>3,433,887</u>	<u>3,608,433</u>
Total primary government net assets	<u>\$ 16,735,264</u>	<u>\$ 19,881,212</u>	<u>\$ 19,798,198</u>	<u>\$ 20,248,163</u>

Additional years have not been provided due to the reclassification of funds required for implementation of GASB Statement No. 34 in fiscal year 2003.

CITY OF HUNTINGTON WOODS, MICHIGAN
CHANGES IN NET ASSETS
LAST FOUR FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 3,971,148	\$ 3,677,462	\$ 3,862,617	\$ 3,718,636
Public safety	1,481,645	1,502,117	1,598,567	1,682,452
Public works	350,869	229,489	217,363	264,741
Library	377,000	418,550	435,380	452,332
Maintenance	281,565	411,802	407,231	408,529
Traffic services	9,649	20,971	15,756	33,308
Snow and ice removal	56,057	54,585	58,644	43,966
Administrative	192,286	172,247	206,666	114,557
Aquatic Club	144,003	188,969	189,009	182,307
Recreation	1,091,175	1,320,142	1,365,100	1,528,134
Capital outlay	516,754	267,875	-	-
Interest on debt	-	523,336	524,043	495,986
Total governmental activities expenses	\$ 8,472,151	\$ 8,787,545	\$ 8,880,376	\$ 8,924,948
Business-type activities:				
Water	1,187,209	1,377,640	1,598,457	1,499,103
Total primary government expenses	\$ 9,659,360	\$ 10,165,185	\$ 10,478,833	\$ 10,424,051
Program Revenues				
Governmental activities:				
Charges for services	\$ 1,415,403	\$ 1,825,036	\$ 1,927,417	\$ 1,997,721
Operating grants and contributions	355,544	393,415	380,025	397,712
Capital grants and contributions	83,060	12,216	8,465	9,055
Total governmental activities program revenues	\$ 1,854,007	\$ 2,230,667	\$ 2,315,907	\$ 2,404,488
Business-type activities:				
Charges for services	1,528,824	1,500,798	1,611,279	1,721,141
Total primary government program revenues	\$ 3,382,831	\$ 3,731,465	\$ 3,927,186	\$ 4,125,629
Net Revenue/(Expenses)				
Governmental activities	\$ (6,618,144)	\$ (6,536,878)	\$ (6,564,469)	\$ (6,520,460)
Business-type activities	341,615	123,158	12,822	222,038
Total primary government net expense	\$ (6,276,529)	\$ (6,433,720)	\$ (6,551,647)	\$ (6,298,422)
General Revenues and Other Changes in Nets Assets				
Governmental activities:				
Property taxes	\$ 4,052,110	\$ 4,024,806	\$ 4,331,025	\$ 4,634,466
Property tax - debt service	1,055,705	1,120,667	1,168,160	1,148,710
State shared revenue	656,395	607,762	591,245	586,265
Investment earnings	209,972	23,710	106,576	152,226
Other	22,178	54,758	244,749	185,778
Transfers - internal activities	297,851	208,654	106,435	116,444
Total governmental activities	\$ 6,294,211	\$ 6,040,357	\$ 6,548,190	\$ 6,823,889
Business-type activities:				
Investment earnings	32,654	7,398	26,878	40,942
Transfers - internal activities	(297,851)	(208,654)	(106,435)	(116,444)
Total business-type activities	(265,197)	(201,256)	(79,557)	(75,502)
Total primary government	\$ 6,029,014	\$ 5,839,101	\$ 6,468,633	\$ 6,748,387
Change in Net Assets				
Governmental activities	\$ (323,933)	\$ (516,521)	\$ (16,279)	\$ 303,429
Business-type activities	76,418	(78,098)	(66,735)	146,536
Total primary government	\$ (247,515)	\$ (594,619)	\$ (83,014)	\$ 449,965

Additional years have not been provided due to the reclassification of funds required for implementation of GASB Statement No. 34 in fiscal year 2003.

CITY OF HUNTINGTON WOODS, MICHIGAN
FUND BALANCES, GOVERNMENTAL FUNDS
LAST FOUR FISCAL YEARS

	Fiscal Year			
	2003	2004	2005	2006
General Fund				
Unreserved	\$ 1,041,146	\$ 789,472	\$ 642,517	\$ 478,464
All Other Governmental Funds				
Reserved	136,015	136,015	136,015	136,015
Unreserved, reported in				
Special revenue funds	563,450	523,578	427,986	453,052
Capital projects funds	348,296	124,350	56,024	979
Debt service funds	283,634	349,197	391,992	424,763
Total all other governmental funds	<u>1,331,395</u>	<u>1,133,140</u>	<u>1,012,017</u>	<u>1,014,809</u>
Total Governmental Funds	<u>\$ 2,372,541</u>	<u>\$ 1,922,612</u>	<u>\$ 1,654,534</u>	<u>\$ 1,493,273</u>

Additional years have not been provided due to the reclassification of funds required for implementation of GASB Statement No. 34 in fiscal year 2003.

CITY OF HUNTINGTON WOODS, MICHIGAN
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST FOUR FISCAL YEARS

	Fiscal Year			
	2003	2004	2005	2006
Revenues				
Property taxes and special assessments	\$ 5,043,298	\$ 5,145,473	\$ 5,499,185	\$ 5,783,176
Licenses and permits	170,284	223,242	328,879	340,215
Intergovernmental	1,027,792	997,471	961,806	976,349
Charges for services	72,660	70,708	79,883	90,598
Aquatic Club charges	173,394	171,600	185,032	186,133
Program fees	622,088	800,147	808,819	811,148
Fines and forfeits	147,881	162,664	223,307	250,160
Investment income	184,811	18,370	87,275	128,170
Other	202,130	253,418	344,958	290,932
Total revenues	7,644,338	7,843,093	8,519,144	8,856,881
Expenditures				
General government	963,871	961,281	1,042,830	1,082,652
Public safety	1,481,645	1,498,337	1,598,567	1,623,066
Public works	350,869	227,553	215,427	208,616
Library	377,000	386,490	408,473	429,309
Maintenance	281,565	411,802	407,231	408,529
Traffic services	9,649	20,971	15,756	33,308
Snow and ice removal	56,057	54,585	58,644	43,966
Administrative	192,286	172,247	206,666	114,557
Aquatic Club	144,003	188,969	189,009	182,307
Recreation	1,091,175	1,294,302	1,337,510	1,390,945
Employee benefits	894,233	1,139,146	1,251,138	1,349,458
Professional services	382,412	396,731	414,217	425,197
Capital outlay	1,400,032	346,791	191,901	177,156
Debt service				
Principal	478,188	630,535	709,245	730,554
Interest	516,754	523,336	524,043	495,986
Total expenditures	8,619,739	8,253,076	8,570,657	8,695,606
Excess of revenues over (under) expenditures	(975,401)	(409,983)	(51,513)	161,275
Other Financing Sources (Uses)				
Transfers - in	1,095,309	1,025,036	914,831	1,024,914
Transfers - out	(1,031,658)	(1,064,982)	(1,131,396)	(1,347,450)
Total other financing sources (uses)	63,651	(39,946)	(216,565)	(322,536)
Net changes in fund balances	\$ (911,750)	\$ (449,929)	\$ (268,078)	\$ (161,261)
Debt service as a percentage of noncapital expenditures	6.26%	5.85%	5.79%	5.95%

Additional years have not been provided due to the reclassification of funds required for implementation of GASB Statement No. 34 in fiscal year 2003.

CITY OF HUNTINGTON WOODS, MICHIGAN
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(accrual basis of accounting)

<u>Year Ended June 30th:</u>	<u>General Property Taxes</u>	<u>Property Tax Debt Service</u>	<u>Sales and Use Tax</u>	<u>Total</u>
1997	\$ 3,200,778	\$ 389,574	\$ 667,535	\$ 4,257,887
1998	3,294,556	358,929	719,960	4,373,445
1999	3,858,803	341,658	751,689	4,952,150
2000	3,631,183	587,437	765,237	4,983,857
2001	3,711,504	814,332	767,143	5,292,979
2002	3,848,658	1,001,163	751,606	5,601,427
2003	4,052,110	1,055,705	656,395	5,764,210
2004	4,024,806	1,120,667	607,762	5,753,235
2005	4,331,025	1,168,160	591,245	6,090,430
2006	4,634,466	1,148,710	586,265	6,369,441
Change 1997-2006	45%	195%	-12%	50%

**CITY OF HUNTINGTON WOODS, MICHIGAN
STATE EQUALIZED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year	Real Property			Personal Property			Total			Tax Rate Mills
	State Equalized Value	Taxable Value	Estimated Actual Value	State Equalized Value	Taxable Value	Estimated Actual Value	State Equalized Value	Taxable Value	Estimated Actual Value	
1997	\$ 198,360,960	\$ 181,765,530	\$ 396,721,920	\$ 2,886,000	\$ 2,886,000	\$ 5,772,000	\$ 201,246,960	\$ 184,651,530	\$ 402,493,920	19.3233
1998	241,851,430	188,755,220	483,702,860	2,888,050	2,888,050	5,776,100	244,739,480	191,643,270	489,478,960	19.1314
1999	244,781,840	196,613,010	489,563,680	4,021,000	4,021,000	8,042,000	248,802,840	200,634,010	497,605,680	18.8739
2000	267,855,670	205,442,557	535,711,340	4,469,500	4,469,500	8,939,000	272,325,170	209,912,057	544,650,340	19.8493
2001	291,810,164	214,678,407	583,620,328	4,955,575	4,955,575	9,911,150	296,765,739	219,633,982	593,531,478	20.4576
2002	324,103,810	227,924,127	648,207,620	5,119,540	5,119,540	10,239,080	329,223,350	233,043,667	658,446,700	20.5536
2003	356,276,783	242,508,608	712,553,566	4,740,350	4,740,350	9,480,700	361,017,133	247,248,958	722,034,266	19.6942
2004	373,847,198	253,025,287	747,694,396	4,512,570	4,512,570	9,025,140	378,359,768	257,537,857	756,719,536	19.4720
2005	391,895,348	268,148,336	783,790,696	5,154,254	5,154,254	10,308,508	397,049,602	273,302,590	794,099,204	19.2401
2006	425,442,200	284,958,220	850,884,400	4,253,880	4,260,460	8,507,760	429,696,080	289,218,680	859,392,160	19.2012

Source: Oakland County Assessor
The City's millage rate is limited to 23 mills for operations, reduced by Headlee to current millage rate of 19.2012.
The City levies the maximum as authorized under the Headlee tax limitation formula.

CITY OF HUNTINGTON WOODS, MICHIGAN
PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
(Per \$1,000 of Taxable Value)
LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rate			Overlapping Rates			
	General	Debt Service	Total Direct	School Districts		Community College	Intermediate School District
				Berkley	Royal Oak		
1997: Homestead (1)	17.1733	2.1500	19.3233	10.4000	9.9500	1.6522	2.1294
1997: Non-Homestead	17.1733	2.1500	19.3233	28.4000	27.9500	1.6522	2.1294
1998: Homestead (1)	17.1514	1.9800	19.1314	10.4000	9.2500	1.6522	2.1294
1998: Non-Homestead	17.1514	1.9800	19.1314	28.4000	27.2500	1.6522	2.1294
1999: Homestead (1)	16.9939	1.8800	18.8739	10.4000	8.9000	1.6456	2.1208
1999: Non-Homestead	16.9939	1.8800	18.8739	28.4000	26.9000	1.6456	2.1208
2000: Homestead (1)	17.0493	2.8000	19.8493	9.8700	8.8000	1.6295	2.0998
2000: Non-Homestead	17.0493	2.8000	19.8493	27.8700	26.8000	1.6295	2.0998
2001: Homestead (1)	16.8076	3.6500	20.4576	9.8700	8.7700	1.6109	2.0752
2001: Non-Homestead	16.8076	3.6500	20.4576	27.8700	26.7700	1.6109	2.0752
2002: Homestead (1)	16.3636	4.1900	20.5536	10.3700	8.6500	1.5952	3.4526
2002: Non-Homestead	16.3636	4.1900	20.5536	28.3700	26.5528	1.5952	3.4526
2003: Homestead (1)	15.4240	4.2702	19.6942	10.3700	8.1500	1.6090	3.4224
2003: Non-Homestead	15.4240	4.2702	19.6942	28.3700	25.9561	1.6090	3.4224
2004: Homestead (1)	15.1203	4.3517	19.4720	10.3700	7.8000	1.5983	3.3991
2004: Non-Homestead	15.1203	4.3517	19.4720	28.3700	25.6061	1.5983	3.3991
2005: Homestead (1)	14.9697	4.2704	19.2401	11.1200	7.5000	1.5889	3.3789
2005: Non-Homestead	14.9697	4.2704	19.2401	29.1200	25.3061	1.5889	3.3789
2006: Homestead (1)	16.0067	3.1945	19.2012	10.5067	6.0130	1.5844	3.3690
2006: Non-Homestead	16.0067	3.1945	19.2012	28.5067	20.3161	1.5844	3.3690

Source: Oakland County Assessor

The City's millage rate is limited to 23 mills for operations, reduced by Headlee to current millage rate of 19.2012.
The City levies the maximum as authorized under the Headlee tax limitation formula.

**CITY OF HUNTINGTON WOODS, MICHIGAN
TEN LARGEST TAXPAYERS
LAST FOUR FISCAL YEARS**

Taxpayer	Type of Business	2003			2004			2005			2006		
		Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value
Detroit Edison	Utility	\$ 1,191,320	1	0.49%	\$ 1,328,914	1	0.52%	\$ 1,096,590	1	0.40%	\$ 1,116,810	1	0.39%
Herman Brodsky	Property management	1,068,030	2	0.43%	888,850	2	0.35%	909,280	2	0.33%	939,280	2	0.32%
Bank One	Commercial bank	842,750	3	0.34%	862,120	3	0.33%	881,930	3	0.33%	911,020	3	0.31%
Kasco Equities	Property management	753,120	4	0.30%	770,880	4	0.30%	784,150	4	0.29%	808,280	4	0.28%
Private Residence	Not applicable	-	-	-	-	-	-	550,770	5	0.20%	424,560	-	0.15%
Private Residence	Not applicable	518,570	6	0.21%	494,500	7	0.19%	505,870	6	0.19%	500,000	6	0.17%
Rite Aid	Retail pharmacy	521,400	7	0.21%	510,040	6	0.20%	501,440	7	0.18%	505,270	5	0.17%
Private Residence	Not applicable	-	-	-	-	-	-	479,980	8	0.18%	374,810	-	0.13%
Private Residence	Not applicable	355,970	10	0.14%	445,440	8	0.17%	455,680	9	0.17%	470,710	8	0.16%
Consumers Energy	Utility	629,260	5	0.25%	705,470	5	0.27%	368,490	-	0.13%	494,220	7	0.17%
Private Residence	Not applicable	-	-	-	400,000	9	0.16%	409,200	-	0.15%	425,000	10	0.15%
Southmain Enterprises	Property management	376,530	8	0.15%	385,190	10	0.15%	394,040	-	0.14%	407,040	-	0.14%
Private Residence	Not applicable	-	-	-	-	-	-	418,980	10	0.16%	400,160	-	-
Private Residence	Not applicable	-	-	-	-	-	-	-	-	-	437,120	9	-
Private Residence	Not applicable	375,000	9	0.15%	-	-	-	392,440	-	0.14%	405,390	-	0.14%
Ten Largest Taxpayers		6,631,950		2.68%	6,791,404		2.65%	8,148,840		3.00%	8,619,670		3.00%
Other Taxpayers		\$ 240,617,008			\$ 250,746,453			\$ 265,153,750			\$ 280,599,010		
Total Taxable Value		\$ 247,248,958			\$ 257,537,857			\$ 273,302,590			\$ 289,218,680		

Source: City of Huntington Woods Assessor

CITY OF HUNTINGTON WOODS, MICHIGAN
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30th:	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Personal Property Tax Collections	Total Tax Collections	Total Collections as Percent of Current Levy
1997	\$ 3,590,352	\$ 3,582,750	99.79%	\$ 7,602	\$ 3,590,352	100.00%
1998	3,653,485	3,649,786	99.90%	3,699	3,653,485	100.00%
1999	4,200,461	4,196,797	99.91%	3,664	4,200,461	100.00%
2000	4,218,620	4,204,773	99.67%	13,847	4,218,620	100.00%
2001	4,525,836	4,517,277	99.81%	8,559	4,525,836	100.00%
2002	4,849,821	4,816,407	99.31%	33,414	4,849,821	100.00%
2003	5,107,815	5,099,478	99.84%	8,337	5,107,815	100.00%
2004	5,145,473	5,140,764	99.91%	4,709	5,145,473	100.00%
2005	5,499,185	5,493,401	99.89%	5,784	5,499,185	100.00%
2006	5,783,176	5,770,073	99.77%	13,103	5,783,176	100.00%

Source: City of Huntington Woods Assessor

CITY OF HUNTINGTON WOODS, MICHIGAN

TAX INFORMATION

Taxes Due: July 1st

Payable: City, one third (1/3) of county taxes and fifty percent (50%) of school taxes are due and payable July 1st at the office of the City Treasurer. (The remaining two-thirds of County taxes and the remaining fifty percent (50%) of school taxes are due and payable December 1st).

**Penalties and Interest
for Delinquency:**

All City taxes paid on or before the 10th day of August shall be collected without additional charge. There shall be added to all taxes paid after the 10th day of August, one percent for each and every month that the amount remains unpaid; provided however, that if one-half of the City taxes are paid on or before the 10th day of August, the remaining one-half of the tax is due on or before the 31st day of October without additional charge, but should the latter one-half not be paid before the 31st day of October, then the taxes shall be subject to the charge of one percent per month from August 10th. County taxes are to be paid on or before the 14th day of February without additional charge. All County taxes paid after the 14th day of February shall be subject to a penalty of three percent. Commencing March 1st, taxes on real property are collected through the County Treasurer of Oakland County, who adds and retains a collection fee of four percent and in addition adds interest at the rate of one percent per month to the date of payment.

Lien on Property: Unpaid taxes, together with all charges thereon, become a continuing lien on the property assessed. The General Tax Law provides for disposition at public sale of real estate delinquent for taxes as follows:

<u>Date of Sale</u>	<u>Delinquent Tax Property to be Sold</u>
July 2005	Year 2002
July 2006	Year 2003

State Land Sale:

The General Property Tax Act, Public Act 206 of 1893, as amended, requires the County Treasurer to foreclose on real property for failure to pay delinquent property taxes. One March 1st, following the year taxes went delinquent a \$175.00 fee and a \$18.00 recording fee will be added to the parcel. The interest rate on the unpaid balance increases to 1.5% per month retroactive to the previous March 1st. In February, properties that are delinquent for two years will be taken to the Circuit Court for foreclosure. Property owners have 21 days from the foreclosure judgment date to redeem the property by paying all taxes, penalties, interest and fees. After 21 days the State is granted first right of refusal to purchase property at the greater of minimum bid or fair market value. The City has second right of refusal to purchase property for a public purpose at the minimum bid price. The County may purchase property at the minimum bid price following the local unit decision not to purchase. Properties that are not purchased will be available for land sale. The land sale will be a live auction. Parcels will be sold as-is at time of auction. Minimum opening bid will be the sum of all delinquent taxes, including all interests, penalties, fees and expenses.

CITY OF HUNTINGTON WOODS, MICHIGAN
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Year Ended June 30th:	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Net Bonded Debt Per Capita
	General	GWK		Installment Loans	Installment Loans				
	Obligation Bonds	Drain Bonds							
1997	\$ 738,825	\$ -	\$ 219,023	\$ 93,140	\$ 1,050,988	0.63%	171		
1998	372,550	-	186,622	249,683	808,855	0.49%	131		
1999	8,436,275	-	152,745	175,066	8,764,086	5.26%	1,425		
2000	8,415,000	-	117,292	139,541	8,671,833	3.11%	1,410		
2001	11,500,000	765,773	473,543	125,587	12,864,903	4.62%	2,092		
2002	11,050,000	3,748,688	379,732	111,632	15,290,052	5.49%	2,486		
2003	10,600,000	3,720,500	191,360	83,722	14,595,582	5.24%	2,373		
2004	10,075,000	3,691,842	123,994	55,812	13,946,648	5.01%	2,267		
2005	9,575,000	3,549,963	131,381	215,427	13,471,771	4.84%	2,190		
2006	9,050,000	3,401,036	155,045	170,653	12,776,734	4.59%	2,077		

Source: U.S. Census Department (population). See demographic and economic statistics schedule for details.

Source: U.S. Department of Labor (per capita income). See demographic and economic statistical schedule for details.

CITY OF HUNTINGTON WOODS, MICHIGAN
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30th:	General Obligation Bonds	Less Available Debt Service Funds	Total	Percentage of Estimated Actual Value of Taxable Property	Net Bonded Debt per Capita
1997	\$ 738,825	\$ 72,778	\$ 666,047	0.17%	104
1998	372,550	37,183	335,367	0.07%	52
1999	8,436,275	31,132	8,405,143	1.69%	1,309
2000	8,415,000	104,790	8,310,210	1.53%	1,351
2001	11,500,000	170,037	11,329,963	1.91%	1,842
2002	11,050,000	210,849	10,839,151	1.65%	1,762
2003	10,600,000	283,634	10,316,366	1.43%	1,677
2004	10,075,000	349,197	9,725,803	1.29%	1,581
2005	9,575,000	391,992	9,183,008	1.16%	1,493
2006	9,050,000	424,763	8,625,237	1.00%	1,402

General Obligation Bonds in this table represent only those bonds serviced from property tax revenues.

Source: City of Huntington Woods Assessor (estimated actual values)

Source: U.S. Census Department (population). See demographic and economic statistics schedule for details.

**CITY OF HUNTINGTON WOODS, MICHIGAN
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2006**

Name of Governmental Unit	Bonds Outstanding	Balances on Hand	Net Debt Outstanding	Percentage Applicable to City	City's Share of Debt
City of Huntington Woods					
Direct Debt					
General Obligation Bonds	\$ 9,050,000	\$ 424,763	\$ 8,625,237	100.00%	\$ 8,625,237
Overlapping Debt					
Public Schools					
Berkley School District			34,625,000	31.16%	10,789,150
Royal Oak School District			91,439,000	0.03%	27,432
County			113,000,096	0.49%	553,700
Intermediate School District			9,215,000	0.49%	45,154
Oakland Community College			10,050,000	0.49%	49,245
Total Direct and Overlapping Debt					<u>\$ 20,089,918</u>

The above balances only represent general obligation debt.

**CITY OF HUNTINGTON WOODS, MICHIGAN
COMPUTATION OF LEGAL DEBT MARGIN
LAST FOUR FISCAL YEARS**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt Limit	\$ 36,101,713	\$ 37,835,977	\$ 39,704,960	\$ 42,969,608
Total net debt applicable to the limit	<u>14,322,807</u>	<u>13,594,826</u>	<u>13,086,464</u>	<u>12,358,442</u>
Legal Debt Margin	\$ 21,778,906	\$ 24,241,151	\$ 26,618,496	\$ 30,611,166
Total net debt applicable to the limit as a percentage of the debt limit	39.67%	35.93%	32.96%	28.76%

Additional years have not been provided due to the reclassification of funds required for implementation of GASB Statement No. 34 in fiscal year 2003.

Legal Debt Margin Calculation for Fiscal Year 2006

State Equalized Valuation	<u>\$ 429,696,080</u>
Legal Debt Limit (10% of State Equalized Value)	\$ 42,969,608
Amount of Debt Applicable to Limit	12,783,205
Less: Amount Available in Debt Service Fund	<u>424,763</u>
Net General Obligation Debt Subject to Limitation	<u>\$ 12,358,442</u>
Legal Debt Margin less amount available	<u>\$ 30,611,166</u>

State law limits the amount of city general obligation debt to 10% of state equalized value.

CITY OF HUNTINGTON WOODS, MICHIGAN
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Income</u>	<u>K-12 School Enrollment</u>	<u>Unemployment Rate</u>
1997	6,419	\$ 166,527,500	\$ 25,943	1,860	1.1%
1998	6,419	166,527,500	25,943	1,860	1.0%
1999	6,419	166,527,500	25,943	1,860	1.0%
2000	6,151	278,418,864	45,264	1,631	0.8%
2001	6,151	278,418,864	45,264	1,631	1.5%
2002	6,151	278,418,864	45,264	1,631	1.8%
2003	6,151	278,418,864	45,264	1,631	2.0%
2004	6,151	278,418,864	45,264	1,631	2.0%
2005	6,151	278,418,864	45,264	1,631	2.0%
2006	6,151	278,418,864	45,264	1,631	2.0%

Source: U.S. Census Department (population)

Source: U.S. Department of Labor (per capita income and unemployment rates)

Source: Southeast Michigan Council of Governments (personal income)

**CITY OF HUNTINGTON WOODS, MICHIGAN
PRINCIPAL EMPLOYERS
LAST FOUR FISCAL YEARS**

Employer	2003			2004			2005			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Detroit Zoo	510	1	39.05%	515	1	39.43%	530	1	40.58%	525	1	40.20%
Rackham Golf Course	50	3	3.83%	50	3	3.83%	50	3	3.83%	50	3	3.83%
City of Huntington Woods	221	2	16.92%	223	2	17.08%	226	2	17.30%	213	2	16.31%
Bank One (J.P. Morgan Chase)	35	5	2.68%	36	5	2.76%	38	5	2.91%	40	5	3.06%
Huntington Cleaners	40	4	3.06%	45	4	3.45%	50	3	3.83%	50	3	3.83%
Rite Aid Pharmacy	15	6	1.15%	15	6	1.15%	15	6	1.15%	15	6	1.15%
Largest Employers	871		66.69%	884		67.70%	909		69.60%	893		68.38%
Total Employed	<u>1,306</u>			<u>1,306</u>			<u>1,306</u>			<u>1,306</u>		

Source: U.S. Department of Labor (total employed)

**CITY OF HUNTINGTON WOODS, MICHIGAN
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government	9	9	10	11	10	11	12	10	10	11
Public safety	17	17	18	19	19	19	20	19	19	19
Public works	10	9	10	13	13	13	13	10	9	9
Library	6	6	6	6	6	6	6	6	6	7
Recreation	27	27	27	28	31	31	28	34	33	33
Total	69	68	71	77	79	80	79	79	77	79

Source: City of Huntington Woods budget document

**CITY OF HUNTINGTON WOODS, MICHIGAN
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
Tax bills issued	2,623	2,631	2,648	2,649	2,655	2,659	2,667	2,675	2,680	2,607
Community meetings held	16	16	16	16	16	16	16	16	16	16
Public Safety										
Physical arrests	*	234	303	459	277	285	391	395	483	393
Traffic violations	*	*	*	4,073	3,277	4,253	5,285	4,610	4,840	4,016
Parking violations	*	214	245	1,209	1,162	1,182	884	743	1,802	1,684
Emergency responses	*	3,787	4,069	3,505	3,282	3,126	3,583	3,585	3,220	2,287
Fire responses	*	107	102	96	140	90	150	145	139	72
Public Services										
Miles of streets plowed	25	25	25	25	25	25	25	25	25	25
Miles of streets reconstructed	*	*	1.00	0.50	0.50	0.07	0.39	-	-	-
Library										
Volumes in collection	43,883	45,866	47,608	47,665	48,408	50,103	53,770	54,680	55,000	57,482
Total volumes borrowed	54,600	57,825	54,450	49,134	50,132	50,240	51,661	49,011	55,900	61,601
Recreation										
Pool visitors	*	*	*	*	*	30,107	40,042	40,593	49,169	36,007
Camp participants	*	*	773	198	833	843	831	1,072	1,075	1,299
Class participants	*	*	713	854	1,009	4,360	5,889	6,129	5,447	7,931
Latchkey participants	*	*	227	200	193	178	158	180	177	193
Senior participants	162	156	213	415	420	478	444	584	548	683
Water and Sewer Utility										
Average daily consumption (units)	825	867	976	861	797	875	877	830	811	781
Water main breaks	20	31	22	12	6	12	19	8	3	10
Transportation										
Individuals transported	*	*	*	1,239	1,522	1,559	1,712	1,284	1,387	4,602

* Information unavailable

**CITY OF HUNTINGTON WOODS, MICHIGAN
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public Safety										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	4	4	4	4	4	4	5	5	5	5
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire vehicles	2	2	2	2	2	2	2	2	2	2
Public Services										
Number of trucks	16	16	18	18	18	18	18	18	18	18
Miles of major streets	8	8	8	8	8	8	8	8	8	8
Miles of local streets	17	17	17	17	17	17	17	17	17	17
Recreation										
Number of parks	13	13	13	13	13	13	13	13	13	13
Acreage	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5
Water Utility										
Miles of water line	25	25	25	25	25	25	25	25	25	25
Wastewater Utility										
Miles of sewer line	41.09	41.09	41.09	41.09	41.09	41.09	41.09	41.09	41.09	41.09
Transportation										
Number of vehicles	3	3	4	4	4	4	4	4	4	5